

Moscow and Beijing Agree on Cambodia

Compiled by Our Staff From Dispatches

BEIJING—China and the Soviet Union have reached a nine-point agreement about the future of Vietnamese-occupied Cambodia, the Chinese press agency reported Sunday, as Beijing confirmed the dates for the first Chinese-Soviet summit meeting in 30 years.

The Soviet-backed Vietnamese occupation of Cambodia had been cited by Chinese officials as the main obstacle blocking a Chinese-Soviet summit meeting and a normalization of relations between the two countries.

But the announcement on Sunday by Xinhua, the Chinese press agency, and Tass, the Soviet agency, that the Soviet leader, Mikhail S. Gorbachev, would visit China from May 15 to 18, also indicated that Beijing was satisfied that Moscow had put sufficient pressure on its ally in Hanoi to withdraw.

The announcement was made a day after the Soviet foreign minister, Eduard A. Shevardnadze, concluded a three-day visit to China.

Xinhua reported that the main point of remaining disagreement was on the form of a future administration for Cambodia once Vietnam's troops had withdrawn completely.

But it said both sides agreed on a need for an "effective control mechanism" for strict supervision of Vietnamese troop withdrawal; an end to foreign military aid; the maintenance of peace in Cambodia, and the carrying out of free elections.

The statement said China and the Soviet Union proposed an "international guarantee" to give Cambodia the status of an independent, peaceful, neutral and nonaligned state. China and the Soviet Union were said to be willing to join the guarantors.

Although the statement was short on detail and contained no sharp divergences from past pronouncements, it was the first joint

public declaration clearly signaling a willingness to work together to resolve the Cambodian conflict.

China and the Soviet Union took note of Vietnam's decision to end its occupation of Cambodia by the end of September 1989 "at the latest."

"With the withdrawal of Vietnamese troops from Kampuchea, all countries concerned should gradually reduce and eventually totally stop their military aid to any of the parties in Kampuchea," it said, in an apparent reference to China's support for the Khmer Rouge guerrillas and Soviet support for Vietnam.

The peace talks are to be held in Jakarta from Feb. 19 to 21 and are to include the three Cambodian groups in opposition to the Vietnamese occupation of Cambodia, Vietnam and non-Communist Southeast Asian nations.

Vietnam invaded Cambodia in late 1978 and removed from power the Chinese-backed Khmer Rouge,

which has been accused of killing two million Cambodians during the four-year rule of Pol Pot.

Detailing their main point of disagreement, the statement said that China stood for the formation of a "provisional coalition government" headed by the leader of one of the three guerrilla factions, Prince Norodom Sihanouk, and to include representatives of all three factions and the Hanoi-backed government in Phnom Penh.

Moscow, however, proposed a "provisional organ under the charge of Sihanouk and with quadripartite representation."

The crucial difference seemed to be that China wants the present government of Prince Minister Hun Sen in Phnom Penh to dissolve itself, while Moscow wants it to remain in power.

The summit agreement was sealed Saturday during a meeting between Mr. Shevardnadze and the Chinese leader, Deng Xiaoping, (UPI, Reuters)

Stroessner to Start Exile in Brazil Resort



Alfredo Stroessner preparing to board a Brazil-bound jetliner. He is the man in center in dark suit.

Compiled by Our Staff From Dispatches
ASUNCION, Paraguay — Alfredo Stroessner, who ruled this nation for 34 years until he was deposed Friday in a coup, boarded a jetliner Sunday and flew to exile in Brazil after being granted political asylum there.

The man who deposed General Stroessner, General Andrés Rodríguez, announced that elections for president and Congress would be held in 90 days.

As General Stroessner led about 20 family members and aides up the steps of the jet, onlookers on the observation deck at President Stroessner International Airport jeered and chanted, "Dictator Get Out!" and "Adiós! Adiós!"

General Stroessner came to power in a coup in 1954 and remained commander in chief of the Paraguayan armed forces until Friday, when General Rodríguez led the coup against him. General Rodríguez was sworn in as president later that day.

As he left his country for perhaps the last time, the general did not

See COUP, Page 6



General Najib, dressed in battle fatigues, addressing a large pro-government rally Sunday in Kabul.

Soviets Pull Out Of Kabul

Shevardnadze May Meet With Guerrilla Leaders

The Associated Press

LONDON — Soviet troops completed their withdrawal from the Afghan capital of Kabul on Sunday, according to a Moscow Radio report monitored by the British Broadcasting Corp.

Soviet troops were still in the process of pulling out of other areas but the radio quoted Monday's edition of the newspaper Pravda as saying: "Pravda's special correspondents report that on Sunday the last Soviet soldier left Kabul," the BBC said.

The Soviet foreign minister, Eduard A. Shevardnadze, extended his visit to Pakistan amid reports that he might meet with Afghan guerrilla leaders.

The Moscow Radio report came 10 days before the agreed deadline for the departure of all Soviet soldiers from Afghanistan.

The Soviet troops, sent in December 1979 to help the Marxist government fight Afghan insurgents, are to be gone by Feb. 15 under a United Nations-mediated agreement.

The Soviets began their pullout in August and resumed it January, when convoys of tanks, trucks and armored personnel carriers started heading up the Salang Highway toward the Soviet border, 260 miles (420 kilometers) away.

Soviet and Afghan officials said over the weekend that there were about 1,000 Soviet soldiers still in Afghanistan and that they could be gone as early as Wednesday.

In Tehran, leaders of rival Afghan rebel groups based in Iran and Pakistan signed a cooperation pact on Sunday. Foreign Minister Ali Akbar Velayati said.

Mr. Velayati said the accord was signed by Sibtatullah Mojaddidi, visiting head of the Pakistan-based

See AFGHAN, Page 6

G-7 Management Style: Cool Is In, Crisis Is Out

By Reginald Dale

International Herald Tribune

WASHINGTON — Helped by the recent healthy progress of the world economy, finance ministers of the seven major industrial countries are beginning to behave more like a successful corporate board of directors and less like a team of surgeons conducting an emergency operation.

The smooth new management style was at its most evident yet on Friday night, when the ministers self-confidently left Washington

after 24 hours of talks at the U.S. Treasury without even feeling the need to issue a final communiqué.

It was left to individual participants to explain the meeting's conclusion that the current value of the dollar is about right and there is no need for major changes in the Group of Seven's exchange rate or intervention policies.

In fact, they said, the ministers devoted much more time to other issues, such as the U.S. budget deficit and world debt, than they did to currency rates.

"These meetings should become a more routine exchange of views and information about our economic intentions," said Pierre Bérégovoy, the French finance minister, expressing an opinion widely shared by his colleagues.

Particularly since the stock market collapse of October 1987, the seven countries — the United States, Japan, West Germany, France, Britain, Italy and Canada — have striven to de-dramatize

their meetings so as not to unsettle financial markets.

Although the seven admit that they have far from completed their task of correcting the world's economic imbalances, in recent months "there has been no sign of market eruption," said Nigel Lawson, the British chancellor of the Exchequer. That has made the ministers' job much easier.

"The Group of Seven is moving towards a situation in which it provides preventive medicine for the world economy, not crisis manage-

ment," said another senior European official.

The group "is emerging as a very strong decision-making body," he added. "That is a very healthy development."

In part, the new style bears the stamp of Nicholas F. Brady, the U.S. Treasury secretary since September, who prefers a more discreet manner than did his predecessor, James A. Baker 3d, now secretary of state.

It was Mr. Brady, as host, who

See G-7, Page 9

AIDS' Changing Face: U.S. Poor Threatened

By Lawrence K. Altman

New York Times Service

NEW YORK — Eight years after AIDS made its startling appearance in the United States, its face is changing. Once overwhelmingly an affliction of homosexual men, it is becoming a disease of poor, black and Hispanic heterosexuals in the inner city.

People and institutions are slowly adjusting to a long-term threat requiring unrelenting vigilance and aggressive countermeasures. Already the disease has struck 85,000 Americans and more than half have died.

Today, homosexual men still account for a majority of cases of AIDS and are believed to be the majority of those who carry the virus but are not ill.

But health officials say there are signs that the period of surging new cases among homosexuals may be ending. Data over the past two years suggest that the rate at which homosexual men get AIDS has finally begun to flatten out at a level somewhat above 7,000 new cases a year.

Intravenous drug users and their sex partners and babies concentrated in inner cities now account for more than one-fourth of the AIDS cases.

Evidence suggests that the virus is spreading fastest among those groups. Minority groups are disproportionately hit: four out of five AIDS cases attributed to sharing needles have occurred among blacks and the Hispanics.

So far, there has been no indication that AIDS is spreading explosively among the general heterosexual population. But the story is different among poor people who live amid rampant drug addiction.

"It is beginning to turn out that heterosexual AIDS is a poor people's disease," said Dr. Andrew Moss, an epidemiologist at the San Francisco General Hospital.

Although AIDS is no longer novel, it remains a public health emergency. One challenge is to curb the spread of the virus. While evidence suggests that most homosexual men are aware of the dangers of unprotected sexual activity, education and warnings for homosexuals as well as heterosexuals must be unrelenting.

The major task today, many health experts agree, has been the inability to fight the spread of the virus among drug addicts and their sex partners, a task that requires many responses, from increases in drug treatment programs to education that will reach the dispossessed youth of urban ghettos.

The surgeon general, Dr. C. Everett Koop, has said that health workers have been "singularly unsuccessful in penetrating the drug-addicted culture" with messages about the risks of injecting drugs and sharing needles.

The search for better medical treatment of AIDS remains as urgent as it is frustrating. Scores of thousands are suffering from

See AIDS, Page 6



MORE MATTER WITH LESS ART — Spectators in Beijing peering through a locked gate Sunday after the police shut the largest avant-garde art show ever held in the capital because artists defied a ban on performance art. Among other performances, an artist shot at her work with a BB gun as a cultural protest.

Kiosk 18 Are Killed In a Brazil Cell

SAO PAULO, Brazil (AP) — Eighteen prisoners died and eight were injured when 50 prisoners were jammed into a tiny windowless cell following an attempted jailbreak, authorities said Sunday.

Several were smothered and others were trampled to death by cellmates when the prisoners were forced into the cell. The prisoners were being punished for seizing a guard.

MONDAY Q&A



George Younger, the British defense minister, sees a NATO agreement soon on modernizing short-range nuclear arms. Page 2.

Business / Finance

Economic growth in the United States plunged in January, according to a survey. Page 7.

Crossword Page 6.

European Parliament: Seeking a Center

By Barry James

International Herald Tribune

STRASBOURG, France — Spare a thought for some of Europe's most-traveled men and women — the peripatetic members of the European Parliament, who regularly hit the roads between their home districts and no less than three cities in which they have to carry out their legislative duties.

With their main committee work in Brussels, their files in Luxembourg and their monthly assembly in Strasbourg, many members of the European Community's elected assembly have become frustrated with an order of things that scatters their business along a 350-kilometer (217-mile) axis through the heart of Europe.

The cost of shuttling staff and files from one place to another, paying for hotels and providing underutilized facilities in each city is conservatively estimated at 30 million to 40 million European currency units (340 million to \$50 million).

With elections to the European Parliament scheduled for June in the 12 EC nations, and

the 518-seat assembly assuming greater responsibilities as part of the process to create a single European market in 1992, "the public will not take us seriously unless we organize ourselves properly," said Derek Prag, a British Conservative member who is leading an effort to move much of the body's activity to Brussels.

Mr. Prag said in an interview that efficiency demanded that the parliament be closer to the EC executive commission and its governing council of ministers, which have their headquarters in Brussels.

Last month, Mr. Prag put forward a controversial motion to allow the parliament to hold a "certain number" of plenary sessions in a place of its own choosing — in effect, this means Brussels — and to move many members of the parliament support staff from Luxembourg to the Belgian capital.

After an unusually heated debate, the parliamentarians voted in favor of the proposal by 223 votes to 173 with four abstentions. Those opposed included most of the 81 French members, the Luxembourgers and many West Ger-

mans for whom Strasbourg is a convenient trip across the Rhine river.

France, for which the status of Strasbourg has become a national cause, and Luxembourg see the thin end of a dangerous wedge, even though Mr. Prag said he was proposing to hold "supplementary" sessions in Brussels, and not to move the whole parliament out of Strasbourg.

Jacques Poos and Roland Dumas, respectively the foreign ministers of Luxembourg and France, met after the vote and jointly announced their "firm determination" to keep the parliament as it is.

Luxembourg, with French support, has announced that it will go to the European Court of Justice to block the attempt to transfer any of the 2,400 parliament employees who work in Luxembourg.

Prestige, jobs and local economies are at stake. For each session in Strasbourg, for example, the parliament pays for an estimated 5,000

See EC, Page 6

EC's Competing Capitals



Pakistan Tests First Rockets

Reuters

ISLAMABAD, Pakistan — Pakistan has successfully test-fired its first long-range surface-to-surface rockets, the army chief, General Mirza Aslam Beg, said Sunday.

General Beg, quoted by the official news agency, Associated Press of Pakistan, said that two versions of the missiles, with a range of 300 kilometers (185 miles) and 80 kilometers, were tested recently. He did not give a date.

"These are extremely accurate systems," he said in a speech to military officers at the National Defense College at Rawalpindi, near Islamabad.

General Beg said the rockets could carry a payload of more than 500 kilograms (1,100 pounds).

"These missiles, including their guidance systems, have been developed indigenously," he said.

His announcement could lead to a revival of tension between India and Pakistan, which have fought three wars since gaining independence from Britain in 1947.

India plans more arms exports to finance purchase of high-technology weapons. Page 2.

Prime Minister Rajiv Gandhi of India warned Pakistan on Friday that India would take steps to protect itself if reports of a Pakistani missile test were true.

General Beg said Pakistan would also be able to roll out its first homemade tanks within two years.

He called the missile production a "landmark achievement in indigenous arms production" by Pakistan, which now gets its main arms supplies from the United States.

General Beg said Pakistan planned to achieve self-reliance in the production of all types of weapons, ammunition, electronics and other equipment. He said Pakistan was already 90 percent self-sufficient in ammunition.

In New Delhi, the head of the government-funded Institute for Defense Studies and Analyses, retired Air Commodore Jagjit Singh, said Pakistan must have had help from a friendly country to develop the rockets, which he described as cross-border missiles.

"It is difficult to believe a country which hardly produces bicycles can make extremely accurate systems," he said. "It is inevitable that they have taken help or assistance from a friendly country."


Commodore Singh said the test

See PAKISTAN, Page 2

M & A in a European perspective.


A selection of 12 Mergers and Acquisitions among the 65 transactions completed by Paribas in 1988.

January 1988
ORKEM SA
 (formerly CdF Chimie SA)
 has sold its subsidiary
LORILLEUX INTERNATIONAL SA
 to
COATES BROTHERS plc
 in exchange for shares and made a
 partial offer to increase its shareholding in
 Coates Brothers plc
 from 33 to 40 percent




Banque Paribas Capital Markets (London)
 and Banque Paribas (Paris) acted as financial
 advisers to Orkem SA and arranged the
 completion of these transactions.

June 1988
AKZO (Netherlands)
 and
KALI-CHEMIE (Germany)
 through a public offer
 acquired 95% of the shares of
**EUROPÉENNE DE SOUFRES
 INDUSTRIELS (E.S.I.)**




Paribas acted as financial adviser to the
 Compagnie Chambon, a 48% shareholder in
 E.S.I., in this transaction.

December 1988
**JAMES RIVER
 Corporation (U.S.)**
 and
KAYSERSBERG (France)
 have acquired a 50% shareholding in
IPEK KAGIT (Turkey)




Paribas initiated the transaction and
 assisted James River and Kayserberg in
 the negotiations.

April 1988
MATRA COMMUNICATION SA
 has acquired
**DFG
 Deutsche Fernsprecher Gesellschaft**




Paribas arranged the acquisition and acted
 as financial adviser to Matra Communication
 during the negotiations.

February 1988
BORAX FRANÇAIS
 a subsidiary of
R.T.Z. Corporation plc
 through a public offer
 has acquired 91% of the shares of
TALCS DE LUZENAC



Paribas initiated the transaction and assisted
 R.T.Z. in the negotiations.

February 1988
**AIR PRODUCTS
 AND CHEMICALS INC.**
 has acquired
**LA MANUFACTURE
 ALSACIENNE DES TABACS**
 and
**OXYGÈNE LIQUIDE
 DE STRASBOURG**




Paribas acted as financial adviser to the
 Air Products group and arranged the
 completion of these transactions.

April 1988
CAP GROUP plc
 has merged with
SEMA-METRA
 to create
SEMA GROUP




Paribas acted as financial adviser to
 Sema-Metra during the negotiations.

September 1988
SCHNEIDER SA
 through a public offer
 has acquired
TÉLÉMÉCANIQUE SA




Paribas acted as adviser to the Schneider
 Group and arranged the completion of the
 transaction.

March 1988
GRANADA Group plc
 has acquired a 76% interest in
KAPY SA (Spain)




Paribas acted as financial adviser to the
 shareholders of Kapy in this transaction.

May 1988
RÉMY & ASSOCIÉS
 through its subsidiary
 Gestion Immobilière
 has sold its controlling interest in
ÉTABLISSEMENTS NICOLAS
 to
CASTEL FRÈRES




Paribas acted as financial adviser to the
 Rémy & Associés Group in this transaction.

October 1988
TRENPORT PROPERTIES Limited
 acquisition
 of
 property portfolio
 from
**BOND CORPORATION
 HOLDINGS Limited**



Banque Paribas (London) acted as financial
 adviser on this transaction.

November 1988
ESSELTE (Sweden)
 has sold its subsidiary
ESSELTE-WELL
 to
TAMPELLA (Finland)



Paribas arranged the sale and acted as
 financial adviser to Esselte during the
 negotiations.

Paribas is helping European industry to prepare for 1992.

PARIBAS 
 3, rue d'Antin, 75002 Paris.

Herald Tribune

Published With The New York Times and The Washington Post

Change in a Land of Fear

Paraguay is well rid of General Alfredo Stroessner, deposed in a violent coup early Friday by one of his own army commanders and ordered into exile. A canny and cold-blooded tyrant, General Stroessner sustained himself in power for almost 35 years by creating a republic of fear.

In the first Stroessner decades, bodies of the general's opponents floated down the Paraguay River through Asunción. Later, murder and torture in smaller doses sufficed to intimidate. Wholesale corruption rewarded military and civilian loyalists. Deposed dictators, former Nazis and fugitive drug lords enjoyed open sanctuary.

The dictator's immediate successor, General Andrés Rodríguez, is no tribune of democracy. He is a longtime Stroessner collaborator and a relative by marriage. But neither is he a mere Stroessner clone.

In recent years he has led a faction in the region that opposed the growing dynastic pretensions of the Stroessner family. Sporadically, he deposed the old and aging strongman to head off his own forced retirement. These circumstances, and the current regional political climate, offer at least a possibility that General Rodríguez's vague pledge to

"initiate democratization" may yet turn this into something more than a palace coup.

In a New York Times Magazine article on the occasion of General Stroessner's 30th year in power, John Vinocur reported that the dictator "always makes the best of things, following the rule he has created for himself — buying out or beating up; one generally works as well as the other. His refinement, his special totalitarian discovery, is that if you destroy a people's honor long enough, many will think of themselves as beyond repair."

Even with five more years in power, General Stroessner did not complete his experiment in depravity. Paraguay has survived. South America now lives through an extraordinary moment. For the first time in many decades, every country on the continent is at least pointed in the direction of democratic rule. Yet new threats cloud the debt pressures, restless army officers and leftist terror imperil the democratic trend.

Washington, so long transfixed by the problems of Central America, needs to bolster the fragile democracies of the South.

— THE NEW YORK TIMES

The Prospect in Pretoria

The end of President P. W. Botha's reign in South Africa draws near. Disabled by a stroke, the 73-year-old president will remain as head of government but has resigned as leader of the National Party.

The new party leader is Frederik de Klerk, who as education minister won applause from hard-liners. His choice promises little change for the better. It argues for a continued U.S. policy of targeted sanctions.

Most likely, President Botha will keep his government post until elections this fall, when Mr. de Klerk will be positioned to assume command. The prospect, regrettably, is for more unrest, stagnation, emigration and repression.

When Mr. Botha assumed power, he warned that white South Africa had to adapt or perish. He shaped a new constitution that gave the president plenary power, and extended a limited franchise to voters of mixed race and Asian descent. And he did away with hated pass laws.

But Mr. Botha and his party were baffled and angry when the outside world seemed insufficiently impressed by halfway reforms that evaded the central issue of political rights for a huge, rebellious black majority. His caution found its symbolism in his treatment of Nelson Mandela. Instead of unconditionally freeing the jailed leader of the African National Congress, Mr. Botha had him transferred on grounds of poor health to a halfway house.

The deeper tragedy is that Mr. Botha

truly spoke for most of his electorate. On his right, extremists cried treason over any departure from old-style apartheid. More liberal whites were powerful in business but feeble in party politics. In the middle were most Afrikaners, bred to believe their privileges came from God, blaming foreign meddling for uprisings in squalid townships that few of them had ever visited.

If outsiders erred in overestimating the power of sanctions to soften white attitudes, the Reagan administration erred more seriously by trying to wheedle reforms through "constructive engagement." Mr. Botha lacked the will and political space to effect fundamental changes, with the result that South African blacks assumed that Washington was his silent partner.

As a result, even skeptical members of Congress voted to override President Reagan's veto of economic sanctions in 1986. The vote at least made plain what Americans stood on racial justice in South Africa. And in fact, foreign pressure has helped nudge Pretoria to pull troops from Angola and to pledge independence for Namibia.

A rightward tilt in the ruling party would not weaken the argument for promoting nonviolent change in South Africa through targeted sanctions. Mr. Botha's cautious nature underlines the difficulty of change, not its undesirability. The same determined diplomacy that led to Pretoria's regional pull-back should be aimed at apartheid.

— THE NEW YORK TIMES

Dealers in Poison Gas

Poison gas is one of the nastiest weapons yet invented, and international declarations denouncing it are welcome. But whether they mean anything depends in the end on stringent national laws and international agreements and the vigorous policing necessary to enforce them.

For decades the world thought of gas as a World War I horror that had become an obsolete weapon, too difficult to manage in modern warfare. A number of countries began using variations of the weapon. Iraq recently used it most decisively, first against Kurdish villages and then on rebellious Iranian troops and then on rebellious Iranian troops. And several Middle Eastern countries have been acquiring missiles capable of carrying gas warheads hundreds of miles, an obvious threat to cities.

A month ago delegations from 149 countries, meeting in Paris, renewed the old pledge not to use chemical weapons and urged progress on the treaty seeking to curb their production and possession that is under negotiation in Geneva. But while the vote was unanimous, it does not establish that all these governments intend to live by that pledge. There is, for example, the chemical factory in Libya. High-minded public professions of good intentions need to be proved real by good enforcement.

The U.S. Customs Service has made a major contribution with the investigation that led last week to the arrest of two men on charges of illegally exporting one of the ingredients of mustard gas. Some went to Iran and some, perhaps, to Iraq. The manufacturer, a Baltimore company, has pleaded guilty to violation of U.S. export laws.

West Germany, severely embarrassed by the revelations that Germans had a part in the Libyan factory, is itself now strengthening its export controls. Its economics minister, Helmut Haussmann, in Washington for talks a week ago with the Bush administration, pledged a much tighter system with increased penalties for violators. The German government is now proceeding with legislation to make it a crime for a German citizen, anywhere in the world, to lend any assistance to the manufacture of chemical or biological weapons.

Poison gas is easier to make than nuclear weapons, and establishing limits on it will be correspondingly difficult. The largest responsibilities lie with the countries with big and sophisticated chemical industries, like the United States and West Germany. It is good that at least some new efforts are being made to fulfill those responsibilities.

— THE WASHINGTON POST

Other Comment

Soon, Afghan-to-Afghan

Getting rid of the Soviets may be the easy bit. The Afghans still have to learn to live with themselves. History has shown that they are not very good at that. Moscow has been doing its best to promote the idea of a coalition government, but the rebels have rejected all overtures. Compromise is the sort of word that brings spittle to the lips of the mujahidin. Even capitulation from Najib and his nervous friends may not be enough to save their necks.

Afghanistan is a reminder to big powers that they cannot always get their way, even in a supposedly primitive backwater. It is a sobering message, but a necessary one.

— The Age (Melbourne, Australia).

A South African Brezhnev

P. W. Botha, who has resigned as South Africa's National Party leader and will probably leave the presidency in September, will pass into history as a leader who

missed his opportunities. During his decade in office, he achieved a dominance of his country's political scene bordering on the imperial. He could have been a de Gaulle, capable of cajoling his own reluctant community along a reformist road. Yet the political initiatives he took usually turned out to be little more than detours along South Africa's remorseless trudge toward tragedy. In the event, Mr. Botha proved to be a South African Brezhnev.

The new party leader, and probable next president, F. W. de Klerk, does not promise to be any more zealous a reformer. Mr. de Klerk's first priority, if he is to regain some impetus toward realism, must be to end the sad charade of Nelson Mandela's imprisonment. He will also have to consider the political wisdom of maintaining the state of emergency. With every passing year, the position of strength from which South Africa's whites should be securing guarantees for their future will grow remorselessly weaker.

— The Daily Telegraph (London).

INTERNATIONAL HERALD TRIBUNE

JOHN HAY WHITNEY, Chairman 1988-1992

KATHARINE GRAHAM, WILLIAM S. FALEY, ARTHUR OCHS SULZBERGER

LEE W. RUEBNER, Publisher

JOHN VINOCUR, Executive Editor; WALTER WELLS, News Editor; SAMUEL ABE, KATHERINE KNORR, Managing Editor; MICHAEL MOORE, Deputy Editor; CARL GEWIRTZ, Associate Editor; ROBERT J. DONAHUE, Editor of the Editorial Page; JAMES R. CRATE, Business/Finance Editor; RENÉ BONDY, Deputy Publisher; ALAIN LECOUR, Managing Editor; RICHARD H. MORGAN, Associate Publisher; FRANCIS DESMAISON, Circulation Director; ROSE D. KRANZ, Advertising Sales Director; KOURT BOWELL, Director, Information Systems.

International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France. Tel.: (1) 46 37 93 00. Telex: Adversity 612595; Circulation, 612832; Editorial, 612718; Production, 630698.

Director of the publication: Walter N. Thayer.

Editor for Asia: Michael Richardson, 5 Commerce Road, Singapore 0511. Tel: 472-7768. Telex: RS36928. Managing Dir. for Latin America: John H. Hines, 30 Gloucester Road, Hong Kong. Tel: 5-8610616. Telex: 61170. Managing Dir. (U.K.): Robin MacKinnon, 43 Long Acre, London WC2E. Tel: 836-4802. Telex: 262009. Gen. Mgr. W. Germany: W. Lautbach, Friedrichstr. 13, 10001 Frankfurt/M. Tel: (069) 726333. Telex: 416721. Pres. U.S.: Michael Corey, 850 Third Ave., New York, N.Y. 10022. Tel: (212) 723-2890. Telex: 427175. S.A. au capital de 1.200.000 F. RCS Nanterre B 72001126. Commission Paritaire No. 61557.

© 1989, International Herald Tribune. All rights reserved. ISSN: 0294-8032.

OPINION

Kennedy and Cuba: The Pressure to Invade Was Fierce

By Pierre Salinger

MOSCOW — During the recent round-table discussion among Russians, Cubans and Americans who, like me, had lived through the Cuban missile crisis, the hope of coming closer to the origins and facts of the event was largely realized.

To my disappointment, however, some of the participants seemed to judge the events of 1962 from the perspective of the cooled political climate of 1989 détente. It seems clear, for instance, that the Kennedy administration, under heavy political pressures, was indeed planning to invade Cuba in the fall of 1962, and that the Kremlin sent the missiles to Cuba to forestall an attack. But Robert McNamara, who was John Kennedy's defense secretary, denied that Washington had any such plans.

The conference did establish several important facts. It verified a suspicion that the Soviets had managed to get 20 nuclear warheads to Cuba. Another 20 were on a ship blocked by the U.S. navy. The 42 medium-range missiles shipped to Cuba (only half of them made it) represented about two-thirds of Russia's missile power.

During the crisis, Moscow had only 20 intercontinental ballistic missiles. The U.S. inventory of Soviet thought there were 75 to 100. And we learned for the first time that the

Kremlin had stationed 40,000 Soviet troops in Cuba, four times more than the Americans believed it had there.

The Soviet participants admitted that the missiles had been targeted on cities like Washington and New York, and on U.S. military installations and industrial centers. But they convinced the conference that the nuclear warheads had never been attached to the missiles. They also denied reports that Sergei Khrushchev, son of Nikita Khrushchev, said privately during the conference that Fidel Castro had asked the Soviet leader to launch the missiles to prevent a U.S. invasion. Indeed, Sergei himself denied it.

But Soviet sources said that conversations with Havana after the crisis convinced them that the Cubans did want to launch the missiles. Cuba's fear of an invasion was that strong.

While the conference helped fill many gaps in the record, some questions remain. One major one is whether the United States did not in some sense provoke a confrontation by planning a second invasion of Cuba, even after the embarrassing Bay of Pigs disaster in 1961.

I have a lot of respect for Mr. McNamara. But his insistence that the United States never intended to

invade Cuba, either before or during the crisis, flies in the face of the facts. For reasons that remain a mystery, Attorney General Robert Kennedy warned two days after the Bay of Pigs that the failed attack might lead to the deployment of Soviet missiles in Cuba. There was growing pressure on the White House at that time to do something to get rid of Mr. Castro.

The administration's response, according to top secret documents recently declassified, was to create a vast covert program called Operation Mongoose. Its aim was to destabilize Cuba and bring down the Castro regime by Oct. 20, 1962. A document that Brigadier General Edward Lansdale handed to the president on Feb. 20, 1962, clearly indicates that Operation Mongoose brought together all the elements needed for a military overthrow of the Castro regime.

Even more interesting is a recently declassified report by the commander in chief of the Atlantic forces, Admiral Robert Dennison. He said that he received a memorandum from Mr. McNamara on Oct. 6 telling the Joint Chiefs of Staff to start effecting directives 114 and 116 — contingency plans for an invasion of Cuba. Only two days earlier, Robert Kennedy told

John McCone, director of central intelligence, that his brother was "very concerned" about the developing situation in Cuba and urged Mr. McCone to undertake "massive activity" under terms of Operation Mongoose.

This clarifies Mr. Khrushchev's reasons for sending a message to President Kennedy through his back-channel operator, the KGB agent Georgi Bolshakov. "We cannot but call the president's attention to the fact that the situation has been worsening of late, chiefly owing to the American government's hostile actions in the Caribbean with regard to Cuba," as Mr. Bolshakov recalls the message.

Mr. McNamara and my other colleagues present at the conference — McGeorge Bundy, the former special adviser to the president for national security affairs, and Theodore Sorenson, special assistant to the president — argued that President Kennedy never would have ordered an air strike against, or an invasion of, Cuba.

I agree that John Kennedy was not the kind of president to want to launch a military attack. But the real question is this: As it became clear that the missiles and warheads were already on Cuban soil, could he have withstood the pressure for military action from his advisers and the public?

Oct. 27, 1962, was a dramatic day. We had received the day before a message from Mr. Khrushchev offering to pull out his missiles if the United States would guarantee not to invade Cuba. But then we received a second, much tougher message from the Soviet leader adding the demand that we withdraw our Jupiter nuclear missiles from Turkey.

President Kennedy had already ordered the missiles removed from Turkey, but the pullout had been delayed at the request of the Turkish government. The Turks had spent a lot of money installing the missiles and did not want to look foolish by dismantling them immediately. And Mr. Kennedy was anxious to avoid the appearance of conceding to Mr. Khrushchev's demands. Eventually, he told Ambassador Anatoli Dobrynin that the Jupiter missiles would be pulled out, but not as part of the deal.

It was clear at the meeting that day of the executive committee of the National Security Council that we were heading for escalation. The head of the Joint Chiefs, General Maxwell Taylor, called for an air strike against Cuba the next morning. Mr. McNamara says that no air strike or invasion would have been ordered. But even he says that when he left the White House that night he had the impression that he might not be alive the next Saturday.

The following morning, of course, Mr. Khrushchev announced the withdrawal of the missiles. But suppose he had not. What would we have done next, in the face of operational missiles in Cuba? Pressure from a number of members of the executive committee, not only General Taylor, might have forced the president into military action that he did not want.

One thing is clear. Neither side "won" the Cuban missile crisis. Rather, two leaders reached an understanding that nuclear war was unthinkable. And the rapid evolution of relations after the crisis demonstrates that both leaders wanted to work toward a better understanding.

If Mr. Kennedy had lived and if Mr. Khrushchev had retained power, they might have brought nuclear arms to a low level on both sides. Now, 25 years later, with nuclear arsenals numbering in the tens of thousands, the task is infinitely more difficult.

The writer, former press secretary to President Kennedy, is senior editor, Europe, for ABC News. He contributed this column to The New York Times.



By Andrew C.W. Synal

The Latins Are Counting on CAP—and on Bush

By Flora Lewis

CARACAS — The grand inaugural get-together is a new Latin American tradition, a way of celebrating yet another peaceful and democratic transfer of power.

It is now the seventh row for Venezuela, but last week's gathering for the swearing in of President Carlos Andrés Pérez was something special.

There were delegations from 80 countries and 22 heads of state or government, not counting Manuel Solís Palma of Panama. His status was downgraded because he failed to deliver on his promise to Mr. Pérez to announce specific guarantees that Panama's presidential elections in May would be free and fair.

The leaders congregated here because of a sense that CAP (as Mr. Pérez is often called) is going to mean something special for the hemisphere, and because it was an opportunity for an elaborate diplomatic minuet.

"He's a powerhouse," said a guest from the United States. A Latin foreign minister said he was impressed by "how much he's really changed."

When CAP was president before, from 1974 to 79, he was a fireball who nationalized industries, energetically advanced Third World rhetoric and berated the United States.

His inaugural speech this time had harsh but not unexpected news for Venezuela about an austerity program and an earnest lecture on the Latin's need to cooperate with the United States and strengthen democracy. There were kind words for President Bush, no Yankee-bashing.

It is a measure of Mr. Pérez's own experience and a measure of the sea change moving through the world. Socialism has not worked. Confrontations have not worked.

Latin America is bedeviled with a pervasive crisis that it cannot solve alone, but it is coming to see that no one else can just solve the crisis for it.

CAP's favorite words are "concertation," "coordination" and "inte-

gration." He calls for agreed guidelines on essential debt relief, but not on Fidel Castro's theme of organizing a united debtors' front against creditors; rather on principles for working things out to the benefit of both.

Mr. Castro was among the main guests, proving that Cuba is no longer so isolated. But he did not show himself much because neither is Cuba popular. Even President Daniel Ortega Saavedra of Nicaragua was quoted by several other government heads as telling them in private, "Cuba's not our model anymore; it's Sweden."

Mr. Ortega, who wandered into a meeting CAP had with former President Jimmy Carter, had to listen to sharp talk from both about Nicaragua's failure to democratize.

Intense efforts are under way to revive the moribund Esquipulas plan for Central America; nobody says any other way of even starting on an end to Central America's bloody travail. Mr.

Pérez made clear in public and private that he is eager to help promote it.

President Oscar Arias Sánchez of Costa Rica, who won a Nobel Peace Prize for launching the plan, sent a message to Washington through Vice President Dan Quayle, asking the United States to move Central America much higher on its agenda of regional conflicts under discussion with the Soviets. The hope is that Moscow will put pressure on Cuba and Nicaragua for a settlement.

It makes sense. The Angola-Namibia agreement providing for withdrawal of Cuba's 50,000 troops in Angola was a result of close Soviet-American cooperation.

Until now, Mr. Arias said, with some bitterness, Washington has done no more than "give lip service" to the Central American plan.

On Panama, there are signs of new Latin willingness to help push General Manuel Antonio Noriega aside. There

is great concern about what will happen after Jan. 1, 1990, when command of the canal is to be turned over to a Panamanian general. All Latin leaders will feel bound to oppose the United States if it breaks the treaty.

CAP is an activist. He loves the center stage and the challenge. At a time when Latin America is foundering, many governments are looking to him as a kind of hemispheric spokesman and mediator. For some reason they are also expecting a more understanding, cooperative Washington under Mr. Bush. That is good, providing they are not left to drown in disappointment.

The important point is that most Latin leaders really want, for their own reasons, what the United States says it wants from them — democracy, an end to blood-letting, healthy mixed economies, liberation from the drug barons. They no longer see working with the United States as subservient. The United States should see this as a splendid chance.

The New York Times

In Paraguay, a Special Opportunity to Support Democracy

THE overthrow of Alfredo Stroessner in Paraguay by General Andrés Rodríguez and his supporters in the armed forces provides the Bush administration with an early opportunity for a foreign policy success.

Paraguay's isolation as the last unchallenged autocracy in South America, General Rodríguez's initial statements favoring democracy, and his lack of an independent power base may make it possible for external actors to press effectively for a prompt transition to democracy.

In cooperation with other democracies in the Americas, the United States should call on General Rodríguez, to fully and unconditionally protect civil and political rights and to permit a genuinely independent judiciary. The general should be urged to set an early date for national elections, and broadly participatory negotiations should begin among Paraguay's political and social movements to reform the country's electoral law and the constitution.

As a final step, free, fair and internationally supervised presidential and congressional elections should be held.

The Reagan administration laid the basis for such a democratic initiative by progressively toughening its

criticism of General Stroessner's blatant violations of human rights. President Bush should make it clear that the United States now wants to see a democratic post-Stroessner Paraguay.

It is essential, however, that Washington support a real and effective democratic process, rather than back any particular candidate or party. The Roman Catholic Church should be encouraged to play a mediating role in the transition plan; the Bishop's Conference in Paraguay has already made a tentative start by sponsoring a national dialogue.

No one in Washington has ever assigned much priority to Paraguay — a relatively anti-Communist, landlocked little country of four million citizens. But Paraguay may offer Mr. Bush a special chance to express strong support for Latin American democracy and take its development an important step further.

— Abraham F. Lowenthal, a professor of international relations at the University of Southern California, and Diego Abente, a Paraguay native who teaches political science at Miami University in Ohio, writing in the Los Angeles Times.

criticism of General Stroessner's blatant violations of human rights. President Bush should make it clear that the United States now wants to see a democratic post-Stroessner Paraguay.

It is essential, however, that Washington support a real and effective democratic process, rather than back any particular candidate or party. The Roman Catholic Church should be encouraged to play a mediating role in the transition plan; the Bishop's Conference in Paraguay has already made a tentative start by sponsoring a national dialogue.

No one in Washington has ever assigned much priority to Paraguay — a relatively anti-Communist, landlocked little country of four million citizens. But Paraguay may offer Mr. Bush a special chance to express strong support for Latin American democracy and take its development an important step further.

— Abraham F. Lowenthal, a professor of international relations at the University of Southern California, and Diego Abente, a Paraguay native who teaches political science at Miami University in Ohio, writing in the Los Angeles Times.

What America Should Do to Develop the West Bank and Gaza

By Joyce Starr

WASHINGTON — The U.S. decision to open a "substantive dialogue" with the PLO was clearly a milestone, yet the future status of the West Bank and Gaza will be determined as much by economics as by politics. And in coming months, when the pace of diplomacy is likely to be painfully slow, the United States should push ahead with a serious new program of economic assistance to the Palestinian people in the occupied territories.

Ultimately, the West Bank, the Jordanian East Bank and Israel are doomed to cooperate. The parties should go beyond their 19th-century rhetoric and realize that security and demilitarization mean the elimination of borders, not their creation. Here are some simple ways the United States can assist this process:

• The highest priority needs in the West Bank and Gaza are for an institutionalized, competitive financial system and a comprehensive marketing system. The U.S. government should direct its efforts and financial support toward these goals. It should encourage American businessmen and investors to become involved. And it should encourage Palestinian entrepreneurs to start new ventures.

• America should continue its direct financial support to the West Bank and Gaza. Since 1975, it has provided more than \$86 million in economic aid. Congress should increase this. Projects involving housing or health services could be extremely worthwhile, but they will require international cooperation

that is now almost nonexistent. U.S. economic help is crucial partly because those most closely involved in the future of the territories — Israel and the PLO — have not dealt adequately with economic development.

Since Jordan withdrew from the territories last year, Palestinians have looked to the PLO to fill the resulting economic void, seeking compensation for fines paid and money lost due to their continuing strikes, boycotts and non-cooperation with the Israelis. But little PLO support has materialized. When funds contributed by the Gulf states last year for Palestinian resistance failed to reach the territories, it was rumored that PLO officials had pocketed them. Israel, too, has

worked to obstruct PLO funds from reaching the territories.

• President Bush, Secretary of State James Baker and their advisers should remove the limits that have stymied economic development in the territories — for example, the practice of discouraging industrial and agricultural production and exports for fear of competition with Israeli business sectors. The United States can help place Palestinian businesses on a more equal footing by expanding its preferential tariff system and free-trade zone agreements with Israel to include the West Bank and Gaza. At the same time, Jordan — no less than Israel — should be pressed to ease restrictions that prohibit fluid movement of goods between the two banks.

• Refugee resettlement and water-sharing concerns should be given priority on the U.S. development agenda. Even the most far-sighted development plan is doomed if the squalor of the refugee camps and the desperate need for housing are ignored. A minimum of \$2 billion is required, quite apart from the issue of refugee repatriation. A housing initiative of this magnitude would also stimulate local building industries.

America should begin negotiations for the creation of a common water-sharing authority involving Israel, West Bank and Gaza. By the mid-

1990s, Israel's water needs may exceed supply by 30 percent. Some experts believe that by 1995, Israel will have fully developed all renewable water resources and will reach a critical point in the exploitation of nonrenewable water supplies. Nearly 40 percent of Israel's water comes from an aquifer under the West Bank. West Bank Palestinians complain bitterly that they receive insufficient water for industrial and agricultural expansion.

Gazans are even more desperate. Gaza is 50 percent desert and has only one aquifer, and the level of water salinity is rising. Experts say that by the year 2000, Gaza's water will be unusable, and that Israel will have to share its dwindling supplies.

The United States should recognize that the West Bank and Gaza have stagnated in an environment of politically spawned underdevelopment for 40 years — whether under Israel, Jordanian or Egyptian administration. Of appropriate conditions and opportunities, benefits would accrue not only to Palestinian residents of the territories but could ripple to Israel, Jordan and beyond.

The writer is a senior associate at the Center for Strategic and International Studies. This article, based on a report she wrote for the Washington Institute for Near East Policy, was contributed to The Washington Post.

A Drug Train Is Coming Down on Us

By A. M. Rosenthal

NEW YORK — It is a familiar nightmare: we have all had it. The train is coming right down the track at somebody you know, and you scream. "Get out of the way, get out of the way!" But he doesn't move, and it is coming to see that no one else can just solve the crisis for it.

A drug train is coming, but the people standing on the track do not seem able to jump out of the way or even to hear the screeching whistle. It is not just addicts who are on the track but also those Americans who are passionate about civil liberties.

Civil liberties will be diminished in the United States if no answer is found to narcotics; they will be.

The drug problem already has become too much for a sensible, self-respecting public to put up with. Every day of the year hundreds of people are shot, beaten or robbed in the streets, and millions of people are afraid even to walk in them, day or night.

It does not make sense to put up with a society in which the brains of children all over the country are being damaged beyond salvation. It does not make sense to permit killer gangs to hunt in the cities.

We do not mind, really, when they kill each other off. But their bullets kill passers-by and police officers and people asleep in their beds.

It is not sensible to allow the hospitals to become so crowded with drug addicts that sick people who have lived honorable lives can-

not find a bed to lie in, nor a nurse to ease their pain.

None of these things makes sense. They violate any understanding of a social compact. They dishonor the country and Americans' personal pride and self-esteem.

The time will come when the American people will no longer stand for it. They will seek the solution in death penalties and martial law. They will stop caring how many prisoners are crowded into a cell or how they are treated, just as long as they are off the streets.

They will support judges and legislators and politicians who understand their sense of hopelessness against drugs and who will support repression as a national policy.

Repression will satisfy a totally understandable and justifiable public sense of fury and frustration. No, it will not answer the drug problem. But the truth is that neither has anything else so far.

The danger, of course, is that a policy repressive of civil liberties has a way of spreading to the very group the people would like to protect: themselves. That is the drug train.

Strangely, American intellectuals who would suffer most from a repressive attitude toward civil liberties, and who almost instinctively get involved in social causes, edge away from the drug problem.

Occasionally the country hears about drugs from its leading writers, academics and artists but almost never with real passion and only until they turn again to issues that obviously mean more to them: abortion, feminism, national security, foreign affairs, politics.

Some of them are contemptuous of "drug-war talk." Others think it a problem that can only be solved by legalization. That is approximately like legalizing cheap pistols made specially to fit the hands of little children. Others simply do not give enough of a damn to write about it.

The professional civil-liberties people are no great help. They give the impression of caring only about getting drug hustlers back on the streets as quickly as possible. They have failed to persuade the public that they are concerned about the victim as well.

What can the intellectuals do? They can use the power of their names, contacts, wit and creativity to fight for the money needed for treatment, research, police, job training and education at home — and the planning needed to slow narcotics production abroad.

Money alone will not fill the emptiness inside so many addicts; they will have to do that themselves or go under. But it will slow that train.

Talent, creativity and public attention give intellectuals a megaphone. They can shout into it.

The New York Times

100, 75 AND 50 YEARS AGO

1889: Scientific Milestone

PARIS — The Pasteur Institute reports another discovery, one which cannot fail to produce an immense sensation in the scientific world. MM. Roux and Yersin, medical assistants to M. Pasteur, have succeeded in isolating the microbes which are believed to be the cause of those horrible and dread diseases, diphtheria and tetanus, which prove so fatal to children.

MM. Roux and Yersin are now justified in feeling confident that they will be not distant when they will be able to announce the discovery of a vaccine.

1914: A News Monopoly?

WASHINGTON — Charging the Associated Press with maintaining a monopoly of news-gathering, the "Sun" Printing and Publishing Association, which publishes the New York "Sun" and "Evening Sun," has filed a brief with the Attorney-General asking the Federal Government to proceed civilly or criminally against

the Associated Press, under the Sherman Anti-Trust Law. The complaint alleges that in 1891 the Associated Press was in practically undisputed possession of gathering and distributing news in the United States and had a virtual monopoly thereof, which it has ever since attempted to maintain.

1939: Refuge in France

LE PERTHUS — The retreat of the vanquished Spanish Republican army of Casado into France began today (Feb. 5). Tired, cold, footsore and hungry, the veterans began to pour over the frontier when, for the first time, the French ban on the admission of able-bodied soldiers came into effect. Meanwhile, despite numerous last truckloads all along the way, the crossed the frontier into France. Cases containing the paintings of Velasquez, Goya and El Greco will be stored under heavy guard in Perpignan until they can be shipped to the Palace of the League of Nations in Geneva.

AMERICAN TOPICS

Law Less Desirable For Corporate Posts

Lawyers, once highly desirable as corporate executives, have been devalued, The New York Times reports. Personnel directors and business school administrators say lawyers seeking jobs in business find their legal training more a liability than an asset.

Lawyers find themselves typecast as narrow-minded and confrontational. They also are increasingly in competition with ever more numerous holders of master's degrees in business administration.

"A few years ago, when I was thinking about law school," said David M. Traversi of San Francisco, who finally landed a job in real estate, "my father, a lawyer himself, said, 'Get your law degree now, and you can go into business later.' Well, for young lawyers today, that couldn't be further from the truth."

Corporations "are interested in people trained in microeconomics and in other skills that affect that bottom line," said Joyce L. Watts, former dean of placement at Northwestern University's business school.

J. Frederic Way, associate dean of the Columbia business school, said he tells lawyers who want to be executives "to play up their experiences as a lawyer that are applicable to a job, to play down what is not applicable and, most important in the interview, not to play the lawyer at all."

Short Takes

Chicago's school system, rated the worst in the country 15 months ago by William J. Bennett, then the U.S. education secretary, is trimming the central administration and turning control of the city's 600 schools over to local committees. Half of Chicago's public high schools rank in the bottom 1 percent of U.S. schools in college-entrance examinations. Under a reform approved by the Illinois state legislature, parents will hold 6 of the 11 seats on each school committee, with the 5 others going to teachers and administrators.

In the 1930s, poverty meant unemployment, above all. In the 1960s and 1970s, its chief symbol was the crumbling ghetto. Today, poverty's most obvi-

ous symptom is homelessness. Homeless people are everywhere, and everyone is concerned. "I'm worried that if we don't improve within the next year or so, we might get used to it," Robert M. Hayes, counsel to the New York-based Coalition for Homelessness, told The New York Times. "We'll be come the new Calcutta."

Marilyn Greene, a self-trained private investigator in Schenectady, New York, specializes in finding missing persons. In 20 years she has tracked down hundreds of stranded hunters, runaway children and errant spouses. When members of her family lose things at home she always finds them instantly. "Oh, that irritates them," she says.

Notes About People

Denny McLain and Leon Spinks get along well together in their barroom jobs in the Detroit suburb of Bingham Farms. The New York Times reports, Mr. McLain won 31 games for the Detroit Tigers in 1968. Leon Spinks was heavyweight boxing champion for seven months in 1978. Both later had problems with the law. Mr. McLain, 44, served 29 months in prison for loan-sharking and drug-dealing. Mr. Spinks, 35, is on probation for a driving violation. Now Mr. McLain plays the electronic keyboard. "Leon is quiet," Mr. McLain said. "He's a bodyguard for me." Mr. Spinks joked that he would punch out anyone who gave Mr. McLain trouble.

Ralph Nader, the consumer advocate, went on a television talk show to deplore the impending congressional pay raise. He invited listeners to telephone his Washington office to offer their opinions. By mistake, he gave the number of Campbell-Raupe, a lobbying firm that strongly supports the raise. After the first few calls, the firm offered callers this rhyme:

If congressmen's pay is your gripe,
Then the number you've dialed isn't right.
'Cause they work hard for you,
all the day and night through.
It's Ralph Nader who isn't so bright.

Mr. Nader himself called, heard the verse, and apologized for the inconvenience, according to Jeanne Campbell, president of the firm.

Arthur Higbee

Possible Conflict Seen In Tower's Work for Defense Contractors

United Press International

WASHINGTON — Senator Alan K. Simpson, Republican of Wyoming, expressed reservations Sunday about whether John G. Tower could serve as defense secretary without the appearance of a conflict of interest because of his work as a consultant to military contractors.

Senate action on the Tower nomination has been stalled by questions about his personal and business life.

Mr. Simpson noted that Mr. Tower had reported receiving more than \$750,000 from clients during the first two and a half years after he left the Senate in January 1985.

"That's heavy bucks," Mr. Simpson said, "and people just don't understand that."

Mr. Simpson said he believed it would be difficult for Mr. Tower to distance himself "from these people who have paid him so handsomely in the past."

A vote on the nomination by the Senate Armed Services Committee was postponed on Thursday after the panel reported receiving additional allegations of unethical personal conduct.

Mr. Tower has had to defend himself against allegations of excessive drinking and womanizing, as well as dealing with the issue of his work as a consultant.

The Long Island newspaper Newsday and The Philadelphia Inquirer reported Sunday that Mr. Tower, when he was chief U.S. negotiator to the long-range arms talks in Geneva, was one of several U.S. officials to support an Air Force officer who was under investigation for allegedly buying drugs, improperly copying classified documents and having a "blatantly improper" affair with a woman who had relatives in the Soviet bloc.

In March 1986 — two months after the officer, Colonel Robert Moser, was recalled from Geneva — Mr. Tower wrote a letter of support that said, "I do not believe that the allegations against Colonel Moser are warranted."

An associate told The Inquirer that the committee had cleared Mr. Tower of any wrongdoing in the Moser case.

Mr. Simpson said Mr. Tower's past dealings with defense contractors were "more of a conflict than anything with regard to his personality."

Interviewed on NBC television, Mr. Simpson praised Mr. Tower's professional qualifications for the job, saying, "He knows where all the bones are buried; he knows

Congress; he knows what to do; he knows what's expected of him."

Mr. Simpson said he was willing to abide by the judgment of the Senate Armed Services Committee, which was expected to receive its latest FBI report on Mr. Tower on Monday. "Whatever they come up with is a good enough decision for me," Mr. Simpson said.

Bush Aide Questioned

The deputy to C. Boyden Gray, President George Bush's counsel and ethics aide who has maintained his chairmanship of a \$500 million communications corporation, says he told Mr. Gray in November about a White House policy that prohibited involvement in outside business interests, The New York Times reported Sunday.

Mr. Gray, who had worked as the vice president's counsel since 1981 and has continued as counsel since Mr. Bush took office as president, said in two interviews this past week that he just learned on Thursday about the policy.

On Saturday, in a third interview, Mr. Gray gave another account of when he learned about the White House policy. He said that his deputy, John P. Schmitz, did inform him in November about limits on outside income for White House employees and that he learned about the prohibition against serving on corporate boards at least "several weeks" before Thursday's interview.

While employees of the vice president are not directly bound by White House rules, Mr. Gray said on Thursday "I would have complied" with the policy had he known about it during his years as counsel to the vice president.

Mr. Gray said the White House policy on outside interests was currently under review.

Castro Foresees Cuba Regaining Latin Ties

The Associated Press

CARACAS — Fidel Castro, who traveled here last week to attend the inauguration of President Carlos Andrés Pérez, said Sunday that Cuba was ready to be readmitted to the Latin American diplomatic world.

"I think my visit to Caracas, for the first time in 30 years, shows that Cuba is ready, and Latin America is ready, for our reintegration," Mr. Castro said during a three-hour news conference that began Saturday night and ran into Sunday morning.

unusual incentives for parliamentary attendance. Deputies are fined \$40 for each roll call missed, and up to \$80 for missing a plenary session of the Bundestag, although the fine is reduced to \$48 if they have a "justified" excuse.

Bush to Seek Rise In Spending in Domestic Areas

New York Times Service

WASHINGTON — President George Bush plans to ask Congress this week for increased federal spending in several domestic areas, including education, environmental protection, programs to combat illegal drugs and to help black colleges, according to Bush aides.

In an address to a joint meeting of Congress on Thursday, which will offer the first detailed look at the new administration's spending priorities for the next fiscal year, which begins Oct. 1, Mr. Bush also will seek an ambitious use of tax breaks to spur development in the inner cities and will instruct his administration to undertake efforts to knock down barriers that discriminate against the disabled.

Although Mr. Bush is asking more money for these programs than President Ronald Reagan sought in his January budget, the aides said that the president will temper his spending request to reflect current budget realities.

The nationally televised speech is to be delivered at 9 P.M. Washington time (7:00 P.M. GMT).

According to Bush aides, the speech will list spending priorities, domestic priorities and president's approach to foreign policy.



Vice President Dan Quayle, left, with President José Napoleón Duarte during his visit to El Salvador.

Quayle in Salvador: A Message for U.S.

By Lindsey Gruson

New York Times Service

SAN SALVADOR — Vice President Dan Quayle's warning to the Salvadoran armed forces to respect human rights was aimed as much at the U.S. Congress and American audiences as at officials here, American officials accompanying the vice president said.

"When you go up to the Hill, they don't ever ask about Nicaragua," an official traveling with the vice president said when asked why Mr. Quayle came to El Salvador last week. "It's what about El Salvador, El Salvador? What about human rights violations?"

American diplomats said Saturday that the Bush administration feared that rising concern about human rights violations by the Salvadoran security services and right-wing extremists could shatter the bipartisan congressional support that has governed American policy to El Salvador in recent years.

That, they said, could lead to a debilitating series of disputes with Congress akin to the problems encountered by the Reagan administration as a result of its support of the rebels fighting to overthrow the Nicaraguan government.

"The people who feel they defeated the U.S. administration on Nicaragua policy are now going to focus on Salvador," an American official said.

American officials and the rebels both say that Congress, which in recent years has focused on Nicaragua, is emerging as one of the key battlegrounds in the eight-year-old Salvadoran civil war, which has

claimed 70,000 lives and displaced more than 500,000 people, almost one of every 10 Salvadorans.

American aid keeps the Salvadoran government afloat, providing almost half the national budget. In the past eight years, the United States has provided \$3.3 billion in direct economic and military assistance.

U.S. aid is likely to become even more important in the next year. A hurricane last fall slashed coffee production by an estimated 50 percent or more and could cut export earnings by more than \$100 million.

In 1987, direct American aid was \$470.7 million, while the Salvadoran government contributed \$351 million to its budget, of which \$347 million, 63 percent, came from the sale of coffee.

An American official said that Mr. Quayle, who is now back in Washington, forcefully told government officials and military commanders that the Bush administration was concerned about human rights and linked them with continued American aid.

"It is very hard to believe that message has ever been delivered with such specificity and lack of ambiguity," an American official said.

However, the officials added that it was not a direct threat of an imminent decrease in aid.

The point, one said, was that "the harsh reality is that our ability to stand by you will be threatened if it is perceived that there is backsliding to the bad old days."

When asked why Mr. Quayle had delivered the warning, an

American official said that the press was portraying El Salvador as ravaged by human rights violations and because many Americans do not understand the complexity of the problems.

In an effort to prevent the bipartisan consensus in Congress from fracturing, the Bush administration helped force a grudging reconsideration by political parties in El Sal-

vador of their decision to reject a rebel peace plan that would delay the coming presidential elections.

American officials now say they think the guerrilla proposal is flawed and little more than an effort to win propaganda points. They say they see no reason to trust the rebels or to postpone the election, the key demand in the guerrillas' proposal.

First Choice!
collections premières
düsseldorf
february 12-14, 1989

For your guide to first choice of 80/90 mens' and ladies' fashion events, fashion shows, designers etc. call or fax to Head office, tel 271 9 85 01, fax 271 43 96 34, or 8 584 823 (information and admission tickets only)

Brazil Shows In Pay for Legislators, Japan Holds Flexibility on Amazon Aid

By Marlies Simons

New York Times Service

RIO DE JANEIRO — Government officials have disclosed that, in a major policy switch, Brazil is willing to accept international funds to protect the Amazon.

Until now the government, fearful that foreign involvement in the Amazon could erode Brazilian sovereignty, has refused outside assistance. This position has been criticized here and abroad.

"There is room for international cooperation as long as conservation projects stay in Brazilian hands and are in some way supervised by the government," Paulo Tarso de Flecha Lima, the secretary-general of the foreign ministry, said in an interview last week.

Mr. Flecha Lima, regarded as the main foreign policy architect, said Brazil was studying ways in which foreign funds could be used to protect the environment. Not acceptable, he said, were "any solutions where outsiders think they can take over a piece of the Amazon."

The policy change comes at a time when the government environmental protection program, announced four months ago, is floundering. Also, there is a growing international outcry over the continuing destruction of forests by farmers and developers.

At home and abroad, pressure has been increasing on Brazil to agree to debt-for-nature swaps, in which foreign governments or institutions buy off a portion of the country's \$115 billion foreign debt and channel these funds toward protection measures.

Although specific formulas have yet to be worked out, officials said President José Sarney was willing to support projects in which Brazil retained decisions on its territory.

The president in recent weeks has several times rejected proposals to link the debt to the environment, including suggestions from American legislators, the prime minister of France and the deputy prime minister of the Netherlands.

Strong opposition to a foreign role in protecting the Amazon, in fact, still exists among top officers of Brazil's nationalist military, among them trusted presidential advisers. The military has long seen occupation of the hinterlands as a national security issue.

General Leônidas Feres Gonçalves, the army minister, has attacked "that threemonth grinding on and on" about forest destruction.

A government official said the reactions of Mr. Feres and others were provoked by foreigners. "Every time someone in the U.S. says the Amazon belongs to mankind, it becomes more difficult here to have a rational discussion," he said.

By A.D. Horne

Washington Post Service

WASHINGTON — The \$45,500 pay raise that members of Congress expect this week will put them far ahead of their counterparts in Paris, Bonn and London, but will not quite match the salaries paid legislators in Tokyo.

A Washington Post survey of pay and allowances for members of parliament in those four capitals ranks members of Japan's Diet first, with annual salaries equivalent to \$143,139. In addition, Japanese legislators receive tax-free supplements of \$72,000 a year for political activities, plus \$50,500 as salaries for two staff members.

But the \$135,000 salaries that members of Congress will begin drawing — unless the House votes to refuse them — are far higher than those paid in three major parliaments of Western Europe.

Salaries alone, however, do not reflect the full income potential of legislators. Other influencing factors include reimbursed expenses, tax levels, various perquisites and paid staff, and these are difficult to compare.

Here are figures for the European legislators:

Members of the West German lower house, the Bundestag, are paid \$57,837 a year, plus tax-free

Party Chooses Candidate to Run Against Pinochet

United Press International

SANTIAGO — The largest opposition party in Chile elected a presidential candidate Sunday, ending a political stalemate that has damaged the coalition opposing President Augusto Pinochet.

The Christian Democratic Party elected its leader, Patricio Aylwin, 70, a lawyer, as its candidate for a December election that will determine the successor to General Pinochet, who took power in a 1973 coup.

It is now expected that Mr. Aylwin will be chosen in March as the single candidate of the 17-party opposition coalition that defeated Mr. Pinochet in a referendum in October on whether to hold an election.

General Pinochet, 73, the armed forces chief who assumed the title of president after the coup ousting the elected leftist government of the Marxist Salvador Allende, asked voters Oct. 5 to give him a new eight-year presidential term. If he is defeated, he must turn over the presidency to the person elected in December.

allowances of \$33,080 to cover office costs, food and accommodations in Bonn and meals on official trips elsewhere in West Germany. They also are entitled to reimbursement of up to \$60,577 for parliamentary expenses.

Members of the French lower house, the National Assembly, are paid \$52,560 in salary, plus residence subsidies, expense allowances and pay for office help that add up to another \$90,002 a year.

Members of the British House of Commons receive salaries of \$43,393, plus allowances of \$40,658 to cover all office expenses and staff pay.

In the U.S. House, each member receives \$431,760 for staff salaries in the current fiscal year, plus an average of \$148,000 in expenses reimbursed for travel, telephone costs and office space in home districts, according to Congressional Quarterly.

Additional outside income is the norm in Japan, West Germany and Britain, where legislators are free to supplement their pay by accepting fees for speeches or serving on corporate boards. In France, however, tradition dictates that Assembly members do not get paid for speeches.

In all four foreign countries, legislators travel free on the government-owned railroads. French Assembly members also get 50 free airline round-trips a year between Paris and their districts, and half-price rail fares for their spouses. British legislators also are reimbursed for travel between London and their districts.

In France, many Assembly members also hold party or local government posts that provide additional income or perquisites such as office staff and chauffeured cars. West Germany provides some

WORLDWIDE ENTERTAINMENT

LIDO

The most famous night club in the world.

8 p.m. dinner dance, champagne and show F 510.
10.15 p.m. and 0.30 a.m., champagne and show F 350.
Service included.
116 bis, Champs-Élysées, Paris
Res. Call (1) 45.53.11.61, Travel agents and Hotels.

Call Toll-Free and Save up to 50%

If it has ever been easier or more economical to subscribe to the International Herald Tribune, just call your toll-free number below and tell the operator which subscription period you prefer. You may pay by credit card or we will invoice you or your company.

If a toll-free number is not available in your country of residence or if you prefer to order by mail, just complete and mail the coupon below.

(Offer valid until March 31, 1989 for new subscribers only.)

Country/Currency	TOLL-FREE TELEPHONE NUMBER	12 months (+ \$2 free issues)	ONE-YEAR SAVINGS (+ 26 free issues)	6 months (+ 26 free issues)	3 months (+ 13 free issues)
Austria**	A Sch. 0660 396	4,400	3,408	2,500	1,350
Belgium**	B.F. (02) 218 45 43*	11,000	7,200	4,000	3,300
Denmark**	D.K. 0430 00 80	2,700	1,304	1,500	830
Finland**	F.M. (90) 60 30 30*	1,750	1,334	970	540
France	F.F. 05-436 436	1,500	1,230	830	455
Germany**	D.M. 0130 25 31	580	403	320	176
Gr. Britain	£ 691 02 43**	135	102	74	41
Greece**	Dr. 2320	31,100	13,250	7,300	3,300
Ireland	Ir£ 155	118	85	47	25
Italy	Lira 49 49 60	360,000	295,200	200,000	110,000
Luxembourg	L.F. 49 49 60	11,000	7,200	4,000	3,300
Netherlands**	Fl. 06-022 08 15	600	492	340	185
Norway**	N.Kr. (02) 41 34 89*	2,000	1,276	1,100	600
Portugal**	Esc. (01) 80 71 23*	26,000	32,240	14,300	7,900
Spain**	Ptas. (91) 401 29 00*	31,000	23,600	17,000	9,400
Sweden**	S.Kr. (08) 21 01 90*	2,000	1,276	1,100	600
Switzerland	S.Fr. 046 05 68 00	455	455	255	141
Rest Europe, N. Afr., N. Africa, Mid. East	—	470	Varies by country	260	145
Rest of Afr., Gulf St. Asia	—	620	—	340	190
Central/Latin America	—	540	—	275	160

* In the following countries, you will pay only the cost of a local call as a connecting charge: Belgium, Finland, Norway, Portugal, Spain and Sweden. (For all other listed toll-free numbers, the call is absolutely free.)
** Please ask your operator for details about hand delivery in these countries.
*** Call this local number in Athens. (Not toll-free.)

Herald Tribune

To: Subscription Manager, International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France.
Tel: (1) 46 37 93 61; telex: 612832; fax: 46 37 93 70.

Please enter my subscription for: ☐ 12 months (+ \$2 FREE issues) ☐ 6 months (+ 26 FREE issues) ☐ 3 months (+ 13 FREE issues)

☐ My check is enclosed ☐ Please charge my credit card.

☐ Access ☐ Amex ☐ Diners ☐ Eurocard ☐ Mastercard ☐ Visa

Card expiry date _____ Signature _____
Card account number _____
Name _____ City/Code _____
Address _____ Tel./Telex/Fax _____
Country _____

6-2-89

The Havel Case: Quandary for Prague

By John Tagliabue
New York Times Service

PRAGUE — For Olga Havel, the wife of the jailed Czechoslovak playwright Vaclav Havel, the endless waiting, the uncertainty, the tortured doubts are the same. But she says there is a new quality to the government's latest attempt to crush her husband's dissent.

"The situation this year has been different than in the 1970s, because in Russia there is Gorbachev," Mrs. Havel said.

The implication was that Prague could no longer resist moves toward liberalization, like those in the Soviet Union under the leadership of President Mikhail S. Gorbachev. Many Western diplomats and Czechoslovakians say that the resolution of Mr. Havel's case may have pivotal importance for Czechoslovak policy.

In an interview conducted in English at their apartment high above the Vltava River, Mrs. Havel described how her 52-year-old husband, whose plays are performed in London, New York, and Paris, but not in Prague, was arrested at about 5 P.M. on Jan. 16 during a demonstration at Wenceslas Square in central Prague.

Thousands of Czechs and Slovaks, most of them young, held rallies at the square for six days, beginning Jan. 15. They were commemorating the death 20 years ago of Jan Palach, a student who set himself afire to protest the Soviet-led invasion of Czechoslovakia.

The government denounced the rallies as provocations, and on all but one night used heavy police force to disperse them.

A prosecutor called Mrs. Havel privately to inform her of her husband's detention, but only on Jan. 25 did a brief notice, signed six days earlier by a Prague prosecutor, Milan Trkal, arrive to state officially that Mr. Havel was being held.

Mr. Havel, a leading spirit of the human rights group Charter 77, has been in prison three times since the 1968 invasion, for a total of five years, most recently from 1979 to 1983, when the accusation was subversion. A government spokesman, Miroslav Pavel, said that Mr. Havel was likely to be tried this time for "hooliganism, a lesser offense."

But the Havel case and the January demonstrations, which followed months of public protest unusual in this rigidly controlled society, are confronting the government with a serious quandary.

The effects were evident this past week. Senior government and party officials, usually open to foreign reporters, were reluctant to receive visitors. An official of the government-sanctioned writers' union agreed to answer questions only in writing, allowing himself several days for consideration.

The reason appeared to be official concern over the galvanizing effect produced within a cautiously assertive opposition movement by the repression of the rallies and the arrest of Mr. Havel.

In an unusual letter to the authorities, the

provocations, and on all but one night used heavy police force to disperse them.

A prosecutor called Mrs. Havel privately to inform her of her husband's detention, but only on Jan. 25 did a brief notice, signed six days earlier by a Prague prosecutor, Milan Trkal, arrive to state officially that Mr. Havel was being held.

Mr. Havel, a leading spirit of the human rights group Charter 77, has been in prison three times since the 1968 invasion, for a total of five years, most recently from 1979 to 1983, when the accusation was subversion. A government spokesman, Miroslav Pavel, said that Mr. Havel was likely to be tried this time for "hooliganism, a lesser offense."

But the Havel case and the January demonstrations, which followed months of public protest unusual in this rigidly controlled society, are confronting the government with a serious quandary.

The effects were evident this past week. Senior government and party officials, usually open to foreign reporters, were reluctant to receive visitors. An official of the government-sanctioned writers' union agreed to answer questions only in writing, allowing himself several days for consideration.

The reason appeared to be official concern over the galvanizing effect produced within a cautiously assertive opposition movement by the repression of the rallies and the arrest of Mr. Havel.

In an unusual letter to the authorities, the

Roman Catholic archbishop of Prague, Cardinal Frantisek Tomasek, protested the police repression and called for government talks with the opposition.

Perhaps more unsettling for the leadership was a petition urging the release of Mr. Havel that was presented to the government with the signatures of nearly 700 people in theater, television, and the arts.

The signers described Mr. Havel as "an eminent playwright and an honest man," and said that they were "distressed and offended" by official reporting of the events.

Czechoslovak social problems, they said, "cannot be resolved through deals, imprisonments, or violence."

Most unsettling for the government was the inclusion among the signers of many people who had signed a document produced by the government in response to the January 1977 issuance of Charter 77. The "anti-charter" became a test for the government of the reliability of artists and intellectuals.

Mrs. Havel said that a lawyer who visited her husband Jan. 30 reported that he appeared to be in good health and spirits. "It is now a political question whether they will let Vaclav Havel go home," she said. "But we do not know what the political situation is."

Letters to Mrs. Havel from her husband written during previous imprisonments were published last year in the West under the title "Letters to Olga," but this time, she said, no written messages have reached her from him.



Vaclav Havel addressing thousands of people at a human rights rally in Prague in December a few days before he was arrested.

Amid Food Shortages, Illness or Death Stalks 30,000 Kabul Children

By Richard M. Weintraub
Washington Post Service

KABUL, Afghanistan — More than 30,000 children run the risk of major illness or death as a result of malnutrition in the deteriorating food and health conditions in the Kabul area, according to doctors and international relief officials.

Already living on the edge, these children, along with nursing mothers and pregnant women in the poorest levels of Afghan society, are viewed by health experts as being least able to withstand the rigors of the Afghan winter and the food shortages that affect areas of the city as the war moves into its final stages.

"There used to be 1.1 million people in Kabul," said Stefan de Mijura of Operation Saram, run by the UN coordinator for Afghan relief, Sadruddin Aga Khan. "Now there are 2.2 million. One million of these are displaced. They have no jobs, no purchasing power, no proper housing."

"If nothing is done to increase food for the vulnerable, the suffering will increase dramatically. It is not yet Ethiopia and Sudan, but it is getting there."

Matched by similar programs run out of Peshawar, Pakistan, and along the Iranian border, Operation Saram seeks to provide a steady flow of food and medical assistance for those most desperately in need, according to Mr. de Mijura.

The program is expected to get under way once the approval is received from all those involved in the Afghan conflict. The UN secretary-general's special representative for Afghanistan, Benno Sevan, has been working on this aspect of the relief effort.

An international relief expert who has followed other wartime situations said, "While the fighting and talking goes on, these people, as in many other wars, can just drop off the bottom."

At Kabul's Indira Gandhi Children's Hospital, children struggle to recover from the impact of lack of food or proper vitamins. In the malnutrition ward, worried mothers sit beside beds while children with pencil-thin limbs and sagging skin fight to recover.

Afghanistan long has been one of the world's poorest societies. Even before the war, large numbers of children were malnourished, but doctors said there was a serious deterioration under way.

"There were 62 percent of the children who were malnourished," said Dr. A. J. Jalalzai, head of the hospital department dealing with malnutrition. "We think it now may be 80 percent and it is increasing day by day."

The war is affecting everything. We cannot get vaccinations except in Kabul. We cannot even get to nearby villages. We have nothing left in the hospital. Before, we could give enough food — powdered milk, wheat, things cooked in protein-rich oils, some meat, powdered eggs. Now we have nothing to give them."

Children are coming in with increasing signs of acute diarrhea, inability to withstand the cold and low blood sugar, their bodies having used up all the internal reserves normally used to fight for survival.

"The mothers used to bring the children to us because they thought we could help them," Dr. Jalalzai said. "Now they know we cannot do as much and they don't even bring the children."

He said there was acute need for all kinds of milk products, for powdered eggs, for protein-rich oils and meats, and for medicines such as antibiotics. The children, he said, were essentially suffering from an acute lack of sufficient protein over a prolonged period and there were no longer even vitamin supplements to help. Stocks of a multivitamin tablet supplied by the United Nations ran out six months ago, he said, and there were no liquid

supplements for the young children who cannot take tablets.

As he spoke, a mother nursed her sick child, who was brought in 15 days ago near death.

"There are many children in my neighborhood who are very weak like my child," she said.

Looming over them, also from the special UN relief body, said the goal of the program that was being developed was, at a minimum, to try to supply children, nursing mothers and pregnant women with a monthly ration of 26 pounds (11.7 kilograms) of rice, 3 pounds of oil and 3 pounds of soybeans.

AFGHAN: Out of Kabul

(Continued from page 1)

alliance, and Mohammad Karim Khalili, spokesman for the Islamic coalition, Mr. Volynsky did not give details of the second.

The official Islamic Republic News Agency, headquartered in Nisaiya, said it was believed the two groups agreed on the number of seats that would be offered to Shiites in a 480-member assembly being planned in anticipation of the collapse of the Kabul government.

Shevardnadze's Exile

Barbara Crossman of The New York Times reported from Islamabad, Pakistan.

Mr. Shevardnadze extended his stay in Pakistan on Sunday by an additional day, until Monday, amid rumors that he might meet leaders of the Afghan guerrilla armies.

In an atmosphere that officials described as tense, the Soviet Union is struggling in talks in Islamabad to salvage some role for the government of Major General Najib, the Afghan leader, and to prevent Afghanistan from sliding into civil war after Moscow's troops finish their withdrawal in the next few days.

Soviet and Pakistani officials refused to give details of talks so far between Mr. Shevardnadze and Prime Minister Benazir Bhutto and President Ghulam Ishaq Khan, except to announce that the Pakistani leaders had been invited to visit Moscow.

Kabul and Najib said at a rally in Kabul on Sunday that his government would survive after the last Soviet soldiers had returned home and declared that Afghan government forces could defend the country against the Muslim guerrillas. The Associated Press reported from Kabul:

"God is with us," General Najib told about 10,000 members of the ruling People's Democratic Party of Afghanistan. "The people are with us. We will win the war."

The Soviet news agency Tass, in a dispatch from the Afghan capital, said, "Kabul is now under martial law." But a Defense Ministry official denied the report. A report by Radio Moscow said that Kabul had "virtually introduced martial law."

After the talks, Pakistanis would say only that "some progress" had been made. The government-run television also said that Mr. Shevardnadze had brought some "new ideas" for establishing a broad transitional government in Kabul.

Mr. Shevardnadze was expected to address a news conference Monday on the outcome of his last-minute negotiations with Pakistan, which has supported Afghan guerrilla forces throughout the nine-year Soviet military intervention.

Political and some military leaders of Afghan resistance groups were reported arriving in Islamabad as Mr. Shevardnadze was meeting Pakistani leaders.

There has been no official confirmation that talks with the guerrillas will take place.

AIDS: Poor in U.S. Becoming Main Victims of Disease

(Continued from Page 1)

AIDS-related diseases, and scientists fear that over the coming years most of the more than a million Americans believed to be infected with the virus will become ill.

The search for drugs has met with disappointment. So far only one drug, AZT, azidothymidine, has been proved effective in fighting the AIDS virus, but it is highly toxic, cannot be taken by many patients and is no cure.

Dr. Harold W. Jaffe, chief of AIDS epidemiology at the federal Center for Disease Control in Atlanta, said: "The initial hopes that either the number of infected people would be very small or that we would have a highly effective therapy or a vaccine in the near future all appear to be false hopes."

Federal health officials have projected that by the end of 1992, 365,000 Americans will have developed AIDS, with 263,000 deaths. In 1992 alone, according to this estimate, 80,000 new cases will occur, posing a challenge to the health care system. However, the uncertainties are great: total cases by 1992 could, in this projection, range from 205,000 to 440,000.

The U.S. Public Health Service roughly estimated in 1986 that 1 million to 1.5 million Americans carried the virus, and that estimate has not been revised.

Available data indicate that more than half of those who carry the virus develop AIDS within 10

years of infection, and studies have suggested that most carriers will eventually become ill.

Homosexual and bisexual men remain the group at highest risk of developing AIDS, accounting for more than 60 percent of the cumulative national cases.

But no longer are cases so heavily concentrated in the homosexual communities of New York, San Francisco and Los Angeles. Now, more than two-thirds of AIDS cases reported among homosexual men occur outside those cities.

Heterosexual users of intravenous drugs accounted for 23 percent of the new cases reported in the United States in 1988, up from the 17 to 18 percent that had been steadily reported since 1982.

In New York City, which alone accounts for more than one-third of the cases spread by dirty needles, drug users have surpassed homosexual men in newly reported cases. The problem of AIDS in babies is largely a curse of urban minority communities. As of Jan. 30, a total of 1,080 infants and children born with the virus had developed AIDS; 84 percent of them were black or Hispanic.

Nearly all the mothers used drugs or were the sex partners of drug addicts. Thousands of additional babies have been born infected, so the toll will climb.

The AIDS virus has been slowly spreading among heterosexuals who do not use intravenous drugs,

but again, the spread is mainly among the sex partners of drug abusers.

The proportion of heterosexual AIDS cases among people born in the United States has risen steadily to 3.6 percent, for new cases reported in 1988, compared with 1 percent of a much smaller number in 1982.

These totals exclude people from Haiti and Africa, where heterosexual intercourse is the predominant means of spreading AIDS.

Studies have shown that AIDS is spread by sexual intercourse, by virus-carrying blood entering the body, by sharing intravenous needles and syringes, and AIDS is also spread from infected mothers to their babies. The studies clearly show that AIDS is not spread by casual contact or by insects.

Several studies have showed that the rate of new AIDS virus infection among homosexual men in New York and California has dropped sharply, presumably because of the wider practice of "safer sex."

Now many epidemiologists are hotly debating whether there is also a major slowdown in the number of newly diagnosed cases of AIDS illnesses among heterosexual men.

Experts speculate that the leveling of new cases, if it persists, could reflect the adoption of safe sex practices among many homosexual men in the mid-1980s.

Moslems Seek to Oust Soviet Mufti

By Bill Keller
New York Times Service

TASHKENT, U.S.S.R. — Soviet Moslems have mounted a campaign to remove the leader of Islam in Soviet Central Asia, charging him with drinking, womanizing and excessive subservience to secular authorities, according to Moslems interviewed in Tashkent on Sunday.

In a protest with strong fundamentalist overtones, hundreds of Moslems marched through this city after prayer services Friday, demanding the removal of Shamsidin Babakhanov ibn Zeyudin, the mufti of all Soviet Central Asia.

Mr. Babakhanov, 67, heads the officially sanctioned Moslem religious board for Central Asia and Kazakhstan. Based in Tashkent, the capital of Uzbekistan, the board regulates Islamic affairs in several Soviet republics.

Moslems in Tashkent said indignation over the mufti's alleged behavior was so strong that critics stood a good chance of replacing him at a meeting Monday of the board's governing presidium.

One participant at Friday's rally said that the protest was organized by Islam and Democracy, a group of religious fundamentalists who believe that Islamic leaders in the Soviet Union have been tainted by the same corruption that flourished in Central Asia under Leonid I. Brezhnev, the former Soviet leader. "Our purpose is to cleanse Islam in the Soviet Union," he said.

The group's activities have so far been confined to organizing within mosques, but members say their work has already aroused the suspicion of the KGB, and some have been called in for interrogation.

Public displays of religious fundamentalism are almost unheard of in the Soviet Union, where Islam is watched with special suspicion by officials wary of the booming population among Islamic people and the rise of fundamentalism in neighboring Islamic countries.

Under President Mikhail S. Gorbachev, the Soviet government has made overtures to improve its relations with various religious groups, including the Russian Orthodox Church and Jewish organizations.

But such gestures have not been forthcoming to Islamic groups. Authorities generally tolerate observance of Islamic religious traditions. But anything that smacks of proselytizing is viewed with alarm.

The protest Friday was serious enough that Pravda Vostoka, the newspaper of the Communist Party of Uzbekistan, published a sketchy report Sunday to reassure the public that it was not an ethnic clash among nationalist groups.

Participants said that the crowd numbered 50 and included Moslems from neighboring Tadzhikistan and Kazakhstan.

Cathedral in Lithuania Reopens After 40 Years

Reuters

VILNIUS, Soviet Union — A Roman Catholic Mass was celebrated in the Vilnius cathedral Sunday for the first time since the Communist authorities of Soviet Lithuania seized the building 40 years ago and turned it into a warehouse.

As worshippers packed the 17th-century cathedral, Bishop Julijonas Steponavicius prostrated himself in front of the pillared altar in a reconsecration ceremony. Outside, several thousand people, some waving the newly reinstated red, yellow and green flag of pre-war independent Lithuania, heard the Mass on loudspeakers.

"It was a terrible moment for our whole nation when the cathedral was closed 40 years ago," the bishop told the congregation. "It was as if a dark cloud covered the whole of Lithuania."

He said that the damage to the large Roman Catholic religious community in Lithuania was almost indescribable.

"Our whole nation, not just the church, suffered," the bishop said. "But now we are witnessing the rebirth of a nation."

The cathedral was seized in 1949 during campaign by the Communist authorities against organized religion in the Baltic republics of Lithuania, Latvia and Estonia, which had been incorporated into the Soviet Union nine years earlier.

COUP: Stroessner's Exile in Brazil

(Continued from Page 1)

acknowledge the crowd and made no final gesture.

The two black limousines that carried his entourage to the airport were accompanied by truckloads of soldiers in combat gear.

Radio stations in the capital reported that General Stroessner was accompanied by his two sons, Gustavo, an air force lieutenant colonel, and Alfredo.

General Rodriguez was General Stroessner's top commander and longtime friend. The two remain linked by the marriage of General Rodriguez's daughter Marta and Stroessner's son Alfredo.

In Brasilia, a government official who spoke on condition of anonymity said the deposed leader flew into Campinas, 80 kilometers (50 miles) north of São Paulo.

The general was transferred to a Brazilian Air Force jet, which immediately left Campinas. The official said he did not know General Stroessner's final destination.

The general has several properties in Brazil, including a home in the southern city of Florianopolis and another in Guaratuba, a beach resort in the southern state of Paraná.

The Roman Catholic radio station Caritas reported that General Stroessner would go to Guaratuba. Earlier Sunday, the new foreign minister, Luis Maria de Azevedo, announced that elections for president and Congress would be held in three months.

"Within a few days, we will decree a new election law and a new electoral system that will dissolve both houses of Congress, and call for elections within three months dating from last Friday," Mr. Argana said.

The death toll from the coup has been estimated as high as 300, but no official figures have been issued.

Possible Genesis of Coup
Latin America experts told The New York Times that although the bloody palace coup abruptly ended the longest-ruling dictatorship on the continent, it did not come about primarily because of a desire to end the authoritarian style of government. Rather, there was a desire to oust the faction that had placed itself in position to succeed the 76-year-old dictator.

Rodriguez decided not to wait until the old man's death, a Brazilian official said. "He had to act now or see himself removed from the succession race."

While several small opposition parties are active in Paraguay, many Paraguayans have long believed that the post-Stroessner era would be defined by the outcome of the confrontation within the

Colorado Party — between "militants" who backed General Stroessner's policies energetically, and "traditionalists" who sought to distance themselves from the president and adopt more open policies.

Two years ago, the militants gained the upper hand, not only seizing control of the party and most top government posts, but also wooing General Stroessner with the suggestion that his son Gustavo should be his successor.

General Rodriguez, a strong contender for the succession, reportedly favored the traditionalists. And when the militants this week tried to maneuver him into retirement or into the figurehead post of defense minister, he apparently decided to seize power.

(AP, Reuters)

- ACROSS**
- Goose-neck, e.g.
 - 5 Cries loudly
 - 9 Court minutes
 - 13 Museet
 - 14 Name in spydom
 - 15 — rate (inferior)
 - 17 Sluggards
 - 19 Excessive enthusiasm
 - 20 Gerontological
 - 21 Various
 - 23 Unkempt abode
 - 24 Short sketch
 - 25 Bit of land amid water
 - 26 Stadium cheers
 - 28 Abandons
 - 30 "The Greatest"
 - 31 Word after door or place
- DOWN**
- 18 Layer
 - 22 Rivers
 - 24 Bridge reversal
 - 26 Knocks
 - 27 "Thanks"
 - 28 "Letting" wait
 - 29 What an R.N. takes
 - 31 Nothing more than
 - 33 Begins a journey
 - 34 Decorated metalware
 - 35 Bullfight cries
 - 37 Sweets
 - 40 Predicament
 - 41 Ex-coach
 - 44 Songs of yore
 - 45 Snapper
 - 46 Formerly, formerly
 - 47 Freshen
 - 48 Solo
 - 50 Legal matter
 - 52 Bird's soup
 - 53 Animal doc
 - 54 Golden rule word
 - 55 Homophone for scene
 - 58 Toddler's favorite spot

Solution to Friday's Puzzle

HARM	PARK	COBRA
IDEA	OMER	ORION
NOLI	PUMA	WAGON
GRANDSLAM	ELLA	
ENTER	EIDER	PHD
SEE	OSTLER	SPUR
AGES	NOVELLA	
ALLIBUT	TIMELY	
VIOLETS	MILE	
ORNE	ENTICE	LAD
NAG	BRUIN	STERE
SEE	GREATWALL	
COHAN	GARR	INEE
AROSE	EDAM	SENT
MOTET	RELY	TREE

© New York Times, edited by Eugene Malachuk.

ESCORTS & GUIDES

INTERNATIONAL ESCORT SERVICE

Head office in New York
Tel: 212-765-7896

212-765-7754
MAJOR CREDIT CARDS AND CHECKS ACCEPTED

LONDON ESCORT AGENCY

47 Colindale Avenue
London W11
Tel: 464 3724 or 466 1158
All major credit cards accepted

LONDON KENSINGTON

10A Kensington Church St, W8
Tel: 927 9136 or 927 9133
All major credit cards accepted

MERCEDES

4 PM TEL MONDAY - 7 DAYS
MAJOR CREDIT CARDS ACCEPTED
(01) 233 0049

PREMIER ITALIAN Connection

London Escort Service
Telephone 01-724 3767

INTERNATIONAL CLASSIFIED

(Continued From Back Page)

ESCORTS & GUIDES

ARISTOCATS

London Escort Service
3 Southdown Street, London W1
Tel: 01-235 0060 (6 lines)
12 rooms - single

LONDON BELGRAVIA

Escort Service
Tel: 726 5277

LONDON KENSINGTON

10A Kensington Church St, W8
Tel: 927 9136 or 927 9133
All major credit cards accepted

MAYFAIR CLUB

Escort Service from 5pm
Nottingham (01) 4254135

PRESTIGE

New York Escort Service
(212) 684-2512

--- ZURICH / DIANA ---

Escort Service Tel: 01-721 38 35

ESCORTS & GUIDES

ZURICH 558720

Private Tourist Guide Service
Credit Cards Accepted

GENEVA - MELODIE

Escort Service Tel: 022/461158

ZURICH

Caroline Escort Service 01/232 6174

ZURICH SUSAN

Escort Service Tel: 01/271 67 90

VIENNA EVELYN

First Class Escort Service, 37 56 70

CHERSEA ESCORT SERVICE

51 Beauchamp Place, London SW6
Tel: 01-894 6513/2/4/5 (4-12pm)

ZURICH

Top Escort / Guide Service
Tel: 01/721 76 09

--- TOKYO ---

First Class Escort / Guide Service
Tel: 03-227 0000

KARLSRUHE ESCORT SERVICE

062/68 55 97

ESCORTS & GUIDES

AMSTERDAM APOLLO CLUB

Escort Service, Tel: 020/66176 from 2
PM, 76, Apollonlaan, Amsterdam.

MILAN VIP Escort Service

Tel: 02/461125

PREMIER ESCORT SERVICE

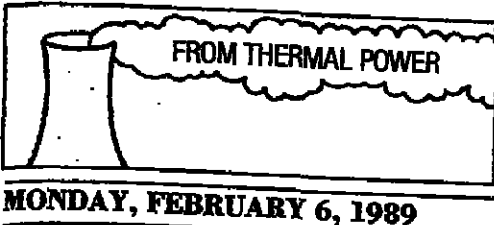
IN LONDON
Tel: 01 328 3898

BRICKS - SWEDISH

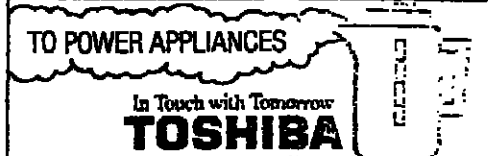
HIGH CLASS ESCORT SERVICE
Telephone: 09 825 1200
Tel: 01 230 222

OVERSEAS ESCORT CLUB

Shortages
Death Stalks
but Children



Herald Tribune BUSINESS/FINANCE



Page 7

EUROBONDS

Japanese Using Profits To Muscle Into Markets

By CARL GEWIRTZ

International Herald Tribune

PARIS—The past five weeks have probably been the most profitable in the history of the Eurobond market. Banks have underwritten \$11 billion of equity-linked bonds issued by Japanese companies, virtually all of which traded at substantial premiums over their offering prices. On average, the premium amounted to 4 1/2 percent. Adding the 2 percent underwriting fees, banks have pocketed about \$715 million in profit.

Given the tough times the market has been going through, with some banks withdrawing from the business and others reducing their activity to concentrate on specific sectors, such high profits ought to leave everyone, including the issuers, smiling.

An expert familiar with the way the market works said the high premiums at which the warrant bonds have traded were not an indication that companies had set overly generous terms. "The securities companies manipulate the price," he said. "More than 90 percent of the warrants go back to Japan and are sold to investment funds managed by the securities houses. It's all an illusion," he added. "The issuers think they have widened and internationalized their shareholder base by issuing paper in the Eurobond market." Meanwhile, the high price at which the Japanese investment funds buy the warrants enable the companies to cut the coupons and lower their borrowing costs.

For the Japanese securities houses, the exclusive lead managers of these issues, the high profits are enabling them to buy market share.

But the rest of the banking community is fuming. Not because they have not shared in the profits—they have. On average, some 30 percent of the bonds, and the profits, have gone to non-Japanese underwriters. Nor is it because the lion's share of the profits stayed with the lead managers—that is normal.

THE IRE IS DIRECTED at how the Japanese securities houses are using their profits to subsidize their moves into other areas—notably straight Eurodollar bonds—that have traditionally been the preserve of the European and U.S. investment banks.

An executive with a major bank who, like the other critics, agreed to his views only if he remained anonymous, said:

"The Japanese are masters at using cross-subsidies to win market share, drive out the competition and then raise prices. If it goes on, we'll end up like the camera companies and be out of the business within a few years."

There is nothing new about banks using profits earned in one sector of the Eurobond market to muscle into prominent positions in other sectors.

"That's the oldest Eurobond story there is," said Stanislas Yassukovich, chairman of Merrill Lynch Europe.

He cited as examples the way U.S. banks use profits derived from the convertible bond sector, or West German banks use the profits from the protected Deutsche mark sector, which have always used profits from one area to offer borrowers cut-rate terms to establish a presence in other sectors.

"There's always been a degree of cross-subsidization throughout the market," Mr. Yassukovich said.

"But it's never a situation that remains for that long," he added. "The Japanese houses will be under pressure, the equity-linked market is not going to last forever as a source of high profits."

Indeed, Japanese banks expect the volume to slow from the hectic pace in recent weeks to around a \$2 billion monthly rate through most of the spring.

However, critics said current Japanese tactics go beyond what the market has experienced before. Nomura Securities Co., the largest securities house, "has extended the degree of cross-subsidization to another dimension," a banker said.

What has occurred in the past is that banks pitched below-market terms to borrowers and arranged underwriting syndicates of second-tier banks which, because they were not lead managers themselves, were ready to participate in bad deals since those were the ticket for getting into good, or profitable, ones.

The sheer power to arrange such issues has its limits, however. Not all borrowers consider the lowest cost of money to be the only criterion for floating a bond. There are still many—although they may be a dying breed—who care about the reputations of their signatures and the performance of their bonds on the secondary market.

But thanks to the huge profits on their equity-linked issues, the Japanese can seduce even top underwriters into loss-making straight bonds.

"The honey pot is so big," said a European banker, referring to the largesse the Japanese can afford to offer, "that there is hardly

'The Japanese are masters at using cross-subsidies to win market share.'

Sky Television Begins Beaming Directly Into British Homes

By Dan Clifton

Special to the Herald Tribune

The media magnate Rupert Murdoch began broadcasting Sunday on Sky Television, and analysts said it was the start of a battle for satellite television dominance in Britain.

British television viewers, long accustomed to having only four channels, now have more to choose from. Sky Television, part of Mr. Murdoch's News International empire, will broadcast directly from the Astra satellite to homes equipped with special dishes and receivers rather than beaming programs to ground stations and relaying them via cable.

Sky Television, which is replacing Mr. Murdoch's Sky Channel, is aimed primarily at Britain, where it will challenge the British Broadcasting Corp. and Independent Television. Sky Channel was a single, cable-transmitted channel that broadcast English-language programs throughout Europe.

The new service will initially offer four channels providing movies, sports, entertainment and news. Two more channels—Sky Arts and Disney Channel—are due to be available in the autumn.

But to mount an effective challenge to the existing companies, Sky needs to persuade viewers to choose its programs over services provided by the existing networks, which are widely regarded as among the world's best and for which the only charge is an annual license fee of £62.50 (\$109).

Viewers wishing to receive Sky must make an initial outlay of at least £240 for purchase and installation of the receiving equipment. While Sky says its programs will initially be free, it eventually plans to make the Disney Channel and Sky Movies available on a subscription-only basis.

Sky faces new competition on two fronts:

casting plans to launch a three-channel satellite network using its own satellite. BSB is owned by a consortium that includes Pearson PLC, Bond Corp. Holdings, Chargeurs SA, Granada television and Reed International. The group plans an investment of £600 million.

"It will be a war of attrition and I think it will get quite nasty," Graeme Hutton, media analyst with Billet & Co., told Reuters. Sky also will face competition from two channels backed by the British retailer W.H. Smith Group PLC and MTV music television, whose shareholders include Mirror Group Newspapers, owned by the media magnate Robert Maxwell.

To date, the battle between BSB and Sky has centered on the different technologies used by the rival networks. Because their programs are carried by different satellites, viewers will need a different dish for each service.

Analysts said that viewers were unlikely, at least initially, to buy both dishes.

BSB is to use an advanced transmission system called D-Mac, which, with a compatible television set, allows for a higher quality television picture. Sky and W.H. Smith will use the standard transmission system, known as PAL.

"It basically boils down to consumer confusion," Mr. Hutton of Billet & Co. told Reuters. "The consumer will be asking, 'Why do I need two dishes? What is D-MAC? What is PAL? What is high definition television?'"

Alistair Tempest, secretary of the European Advertising Association, an advertisers' association, said: "We fear that the new broadcasters face an uphill struggle, with a considerable cash outlay involved."

"The impression," he said, "is that the people who will buy at first will be the wealthy aficionados, and that most will wait until equipment prices begin to fall."

Even if demand does prove strong, Sky still faces serious problems with bottlenecks in the supply of dishes. But it says

the fact that demand is outstripping supply is encouraging, and claims the delay in supplying dishes should be eliminated by March.

In spite of these early difficulties, a Sky spokesman, Andrew Turner, predicted installation of "between 1.5 and 2.5 million dishes by Christmas."

Sky contends that its head start on BSB will give it the edge. "If people are already enjoying our programs, then why pay out extra money for yet another dish, and for a network which is offering only three channels instead of our six?" Mr. Turner said.

Mr. Tempest said that because satellite equipment would initially be bought by wealthy viewers, satellite companies could be drawn into the trap of concentrating on the small but lucrative upscale market for advertising revenue.

"The real test for the new networks will be to show that they can attract a wide spread of social backgrounds," he said.



Giovanni Agnelli; Highly automated assembly lines have helped Fiat achieve one of the highest profit margins among carmakers.

Agnelli Shifts Gears to Put Fiat on High Road

By Steven Greenhouse

New York Times Service

TURIN—Giovanni Agnelli, Europe's most famous and most powerful business executive, has long been called the unofficial king of Italy.

But it is only in the past year that his Fiat empire, which was on the verge of going under a decade ago, could also claim to have reached kingly heights.

Last year, Fiat SpA caught up with Volkswagen AG to tie for first place in car sales in Europe, while the company's new midsize Tipo model has just won the coveted 1988 European Car of the Year award.

Fiat can also boast the world's most advanced car factory and one of the highest profit margins among top carmakers.

It is one of a handful of corporations in the world that posted profit of more than \$2 billion in 1988. And with revenue of \$32.5 billion, it not only is the largest company in Italy's private sector but is also one of the world's largest.

While not taking away from Fiat's amazing comeback, analysts say the company is hardly invincible. Indeed, they assert that Fiat may be more vulnerable than its major competitors to the storm that is approaching the European auto market.

This year, car sales in Europe are expected to drop by as much as 10 percent, after having soared to unprecedented levels in 1988.

This expected drop, along with a huge manufacturing overcapacity in Europe, is raising fears of a shakeout among the continent's leading auto makers.

Auto executives and analysts say Fiat's costs are low enough for it to compete throughout Europe. But they question whether its designs and quality are strong enough for it to thrive outside its domestic market, which accounts for 59 percent of its auto sales.

Fiat will likely face additional pressure as a result of the European Community's plan to scrap internal trade barriers by the end of 1992.

Some analysts say Fiat is more vulnerable than other European carmakers to the stiffer

Some say Fiat is more vulnerable than other European carmakers to the competition expected after 1992 because of its dependence on Italy.

competition expected at that time because of its dependence on Italy.

That makes Fiat a fat target for aggressive competitors like Peugeot SA, Volkswagen and Ford Motor Co.'s Ford Europe.

"It's vital for Fiat to spread outside Italy," said Giampaolo Trasi, an analyst with SICE, a Milan investment bank. "They have to overpass the Alps and make sure they can compete in an open, unprotected market."

Fiat will also face tougher competition from Japanese companies, which are expanding their manufacturing capacity in Europe.

Making life even tougher is the likelihood that Europe will ease import quotas on Japanese autos. Fiat—whose stable includes the Fiat, Autobianchi, Lancia, Alfa Romeo and Ferrari lines—is considered especially vulnerable because Japanese cars are now limited to a minuscule 2 percent of the Italian market.

"The Japanese represent a serious threat to Fiat's home market," said Karl Ludvigsen, a London-based automobile industry consultant.

With these challenges facing Fiat, analysts were unnerved by the dismissal last November of Vittorio Ghidella, 57, the brilliant manager who revived the company's auto division.

His ouster was the result of a power struggle with Mr. Agnelli's other top lieutenant, Cesare Romiti, 65, the no-nonsense managing director of Fiat SpA.

Mr. Ghidella's vision revolved around cars and clashed with Mr. Romiti's interest in diversification. But Mr. Agnelli came down on the side of Mr. Romiti, who has been given the additional title of managing director of Fiat's auto division.

But even Mr. Romiti acknowledges that his diversification strategy faces obstacles.

Several of the Fiat businesses critical to his strategy, including telecommunications and aerospace, may be too small to face up to international competition.

Analysts also question whether Mr. Romiti—a respected financier but not a car executive—can make good on Mr. Ghidella's plans to turn Fiat into an automotive powerhouse throughout Europe and a heavyweight in the luxury car field in Europe and the United States.

Mr. Agnelli—whose silver hair, grace and imperial bearing make all the royal analogies understandable—belittles such critics.

"There's no doubt it's a loss," he said of Mr. Ghidella's departure. "But we have a lot of very good managers. Nothing is made by one man," he added.

Echoing his boss, Mr. Romiti said, "The function of the head of a modern organization is very close to that of an orchestra conductor."

"The important thing," he added, sitting in the largely unfurnished office vacated by Mr. Ghidella, "is to have very good players in the

See FIAT, Page 9

Purchasers Find Slowing Growth In U.S. Economy

By Kurt Eichenwald

New York Times Service

NEW YORK—The growth rate for the U.S. economy fell sharply in January to its lowest level in two years, the National Association of Purchasing Management said in its monthly report, scheduled for release on Monday.

The drop followed two months of inventory buildup by purchasing managers to hedge against inflation. The decline may be a temporary downturn as companies decrease their inventory levels, an official of the group said. Inventories fell sharply in January.

Production and new orders also slipped last month. Production was at its lowest level since September, and new orders were lower than they had been in two years. Employment, which had registered sharp gains over the last seven months, showed only a slight increase in January.

Prices were reported to be up, and vendor deliveries continued to slow.

The report surveys managers at more than 250 companies representing 21 industries. Economists consider its findings to be a preliminary indicator of the previous month's economic performance.

The association's composite index, reflecting the slack in January,

fell sharply to 53.2 percent from 57.3 percent in December.

An index above 50 percent indicates the economy is expanding, while a reading below 50 percent implies a contraction.

Despite the decline, January was the 28th consecutive month that the index, which is seasonally adjusted, exceeded 50 percent.

Robert J. Brez, chairman of the association's business survey committee and director of materials management at Pitney Bowes Inc., said that, despite the decrease in the growth rate, the January decline might prove to be fleeting.

"One robin doesn't make a spring," Mr. Brez said. "Inventories over the previous two months were growing, and then they dropped in January." The report noted that inventories, which had built up modestly in December to hedge against announced price increases the following month, were worked down in January.

New orders rose in January for the 44th consecutive month, after normal seasonal variations were taken into account. The index for new orders fell to 54.5 percent, down from 60 percent.

Twenty-seven percent of the purchasers reported a jump in new orders, and 12 percent reported a decline.

Bush Team Readies Plans To Resolve Thrifts Crisis

The Associated Press

WASHINGTON—After a weekend meeting with top advisers, President George Bush has begun to formulate recommendations for resolving the U.S. savings and loan crisis.

Mr. Bush is not publicly disclosing details of the plan—which are expected before Thursday, when he delivers a nationally televised address to Congress—but members of Congress and industry officials said they have a good idea of what it is likely to include.

Officials and congressmen who have spoken with the Treasury Department predict that the plan will feature the following elements:

• Borrowing, in the form of bonds, of up to \$90 billion over the next several years. The General Accounting Office has recommended spending \$85 billion over three years.

• A mixture of income sources, including taxpayer dollars and insurance premiums from thrifts and banks, to pay the \$7 billion to \$9 billion in interest on the bonds.

• An administrative reshuffling that would include a separate apparatus to sell off insolvent savings and loans institutions, a recapitalized insurance fund for healthy thrifts and a regulatory agency, perhaps under the control of the Treasury Department.

There has been little disagreement over borrowing cleanup money for the savings and loans. The much more difficult problem

has been figuring out how to pay the interest on the bonds.

In the first week of the president's term, Treasury Secretary Nicholas F. Brady touched off a political firestorm by confirming

administration was examining a suggestion that depositors in banks and savings and loans pay a fee of about \$2.50 for every \$1,000 in their accounts.

Administration officials have refused to publicly disavow the controversial suggestion, but White House aides, speaking on condition of anonymity, have said they do not expect it to be in the administration's final package.

"That was a nonstarter and I don't think you'll see that idea again," the Senate Banking Committee chairman, Donald Riegle, said Sunday on ABC television program "This Week With David Brinkley."

Instead, the insurance premiums paid by the institutions—currently 93 cents per \$1,000 for banks and \$2.08 for S&Ls—probably will be increased.

Not all legislators have rejected the deposit fee. "I think you've got to put all sorts of things on the table," said Senator Alan Simpson, the Senate's minority whip, on NBC's "Meet the Press" program.

"That can't be left out."

Commercial bankers have vociferously opposed being made to help pay for problems in a competing industry.

Currency Rates

Currency	Per \$	Currency	Per \$	Currency	Per \$
Argentine peso	14.615	Fin. mark	4.32	Mal. peso	220.00
Australian dollar	1.352	French franc	6.55	N. Zealand \$	1.61
Belgian franc	36.36	German mark	1.36	Phil. peso	50.00
British pound	1.936	Italian lire	1.36	Port. escudo	200.00
Canadian dollar	1.252	Japanese yen	160.00	S. Korea won	200.00
Chinese yuan	2.221	South African rand	1.36	S. Africa rand	2.00
Danish krone	7.46	Swedish krona	4.66	Taiwan \$	20.00
Deutsche mark	1.36	Swiss franc	1.36	Thailand baht	20.00
Dr. Congo	2.221	U.S. dollar	1.00	Turkish lira	20.00
East German mark	2.221	U.S. dollar	1.00	U.S. dollar	1.00

New York rates unless noted. * Local rates.

Cables in London, Tokyo and Zurich. Rates in other centers. New York closing rates.

© Copyright 1989 by The New York Times Company. All rights reserved.

Source: Reuters Bank (Frankfurt); Banca Commerciale Italiana (Milan); Banque Paribas (Paris); Citicorp (New York); Deutsche Bank (Frankfurt); HSBC (London); JPMorgan (New York); KfW (Frankfurt); Societe Generale (Paris); Union Bank (New York).

Other rates from Reuters and AP.

Source: Reuters Bank (Frankfurt); Banca Commerciale Italiana (Milan); Banque Paribas (Paris); Citicorp (New York); Deutsche Bank (Frankfurt); HSBC (London); JPMorgan (New York); KfW (Frankfurt); Societe Generale (Paris); Union Bank (New York).

Other rates from Reuters and AP.

Source: Reuters Bank (Frankfurt); Banca Commerciale Italiana (Milan); Banque Paribas (Paris); Citicorp (New York); Deutsche Bank (Frankfurt); HSBC (London); JPMorgan (New York); KfW (Frankfurt); Societe Generale (Paris); Union Bank (New York).

Other rates from Reuters and AP.

Source: Reuters Bank (Frankfurt); Banca Commerciale Italiana (Milan); Banque Paribas (Paris); Citicorp (New York); Deutsche Bank (Frankfurt); HSBC (London); JPMorgan (New York); KfW (Frankfurt); Societe Generale (Paris); Union Bank (New York).

Other rates from Reuters and AP.

Source: Reuters Bank (Frankfurt); Banca Commerciale Italiana (Milan); Banque Paribas (Paris); Citicorp (New York); Deutsche Bank (Frankfurt); HSBC (London); JPMorgan (New York); KfW (Frankfurt); Societe Generale (Paris); Union Bank (New York).

Other rates from Reuters and AP.

Source: Reuters Bank (Frankfurt); Banca Commerciale Italiana (Milan); Banque Paribas (Paris); Citicorp (New York); Deutsche Bank (Frankfurt); HSBC (London); JPMorgan (New York); KfW (Frankfurt); Societe Generale (Paris); Union Bank (New York).

Other rates from Reuters and AP.

Source: Reuters Bank (Frankfurt); Banca Commerciale Italiana (Milan); Banque Paribas (Paris); Citicorp (New York); Deutsche Bank (Frankfurt); HSBC (London); JPMorgan (New York); KfW (Frankfurt); Societe Generale (Paris); Union Bank (New York).

Other rates from Reuters and AP.

Source: Reuters Bank (Frankfurt); Banca Commerciale Italiana (Milan); Banque Paribas (Paris); Citicorp (New York); Deutsche Bank (Frankfurt); HSBC (London); JPMorgan (New York); KfW (Frankfurt); Societe Generale (Paris); Union Bank (New York).

Other rates from Reuters and AP.

Source: Reuters Bank (Frankfurt); Banca Commerciale Italiana (Milan); Banque Paribas (Paris); Citicorp (New York); Deutsche Bank (Frankfurt); HSBC (London); JPMorgan (New York); KfW (Frankfurt); Societe Generale (Paris); Union Bank (New York).

Other rates from Reuters and AP.

Dollar Draws Boost From Rate View

By Carl Gewirtz

International Herald Tribune

PARIS—A conviction that U.S. interest rates are headed higher, following Friday's report of a much-larger-than-expected increase in employment last month, will continue to underpin the dollar's strength in the foreign exchange market, analysts say.

The only potential blip on the screen, they add, could come on Thursday, when President George Bush is to present to Congress his budget plans for the fiscal year starting in October. If the content of the speech fails to live up to market expectations of a meaningful reduction in the deficit, the dollar could take a hit.

Some analysts, for whom the dollar's climb this year to a Friday high of 1.8790 Deutsche marks and 129.57 yen has left the currency feeling "toppy," sense that the exchange market could be looking for an excuse to bring the dollar down.

"The dollar is looking overbought," said Steven Blitz, a chartist for Salomon Brothers Inc. in New York.

Roland Scharff, treasurer at Hessische Landesbank-Girozent-

rale in Frankfurt, said "the dollar is in an area where it's topping out."

He said, "The market 'now is bullish, just the way eight weeks ago' before the dollar began climbing 'everyone was bearish' and expecting the dollar to decline."

These analysts said that either Mr. Bush's budget report or a disappointing response to Thursday's scheduled sale by the U.S. Treasury of \$9.5 billion of 30-year bonds could trigger a correction. But both analysts insist that the profit-taking they expect to develop will only be a dip building a base for further strength in early spring, by which time both see the dollar at around 2 DM and 130 yen.

For this week, barring a disappointing surprise, the prospect of higher U.S. interest rates is seen as continuing to pull foreign funds into the dollar. Indeed, if the U.S. administration lives up to assurances made at last week's Group of Seven meeting of finance officials and central bankers in Washington that the deficit will be reduced, dealers believe the dollar could advance sharply higher.

"The facts remain the same," said Kurt Viernitz, treasurer of

J.P. Morgan & Co. in New York.

"Those are big interest-rate differentials favoring the dollar."

Mr. Viernitz interpreted the statements made following the G-7 meeting to mean that "they will try to keep the dollar's strength under control in a defensible manner."

He said, "The major message is that they want to retain the status quo, to avoid rocking the boat while the new administration establishes its strategy to deal with the budget deficit, the debt crisis, and the crisis in the savings and loan industry."

Analysts are convinced by the continuing pattern of central bank intervention in the foreign exchange market that official policy is aimed at trying to smooth the upturn rather than stop it.

"The intervention hasn't been very strong," said Alain Kokocinski at Banque Paribas in Paris.

"The aim is to halt exaggerated movements, to try to calm the market. But they don't want it to fall."

Given the size of the capital movements into the dollar and the strong bullish sentiment, he said that central bank "couldn't change the trend just through intervention."

Delors Confirms Investment Tax To Be Proposed

Reuters

PARIS—The European Commission will propose measures this week to abolish tax havens within the European Community, Jacques Delors, president of the community's Commission, said Sunday.

"No later than Wednesday we will propose, with regard to taxes on savings, a system which will mean there are no longer any tax havens in Europe," he said in a radio interview here.

Last week, sources said proposals to impose a tax of at least 15 percent on interest and dividends earned in an EC state by residents of other EC countries were being finalized. They said the proposals would not seek to end bank secrecy.

Luxembourg had indicated it may veto the proposed withholding tax, which will need approval by all 12 member states to become law.

Asked if EC members would object, Mr. Delors said, "If Luxembourg does not agree, it will have to choose between that and its European calling."

OPEC Said to Break Pact

Compiled by Our Staff From Dispatches

NEW YORK—Members of the Organization of Petroleum Exporting Countries produced nearly 19.7 million barrels a day of oil in January, nearly one million barrels more than promised under the cartel's new quota system, according to a report released Sunday.

The Petroleum Intelligence Weekly said its latest survey of world oil production showed that at least five members of OPEC exceeded their quotas last month, pushing production beyond the 18.5 million barrels pledged at a meeting last November.

The new quota was to have taken effect Jan. 1 and to extend for six months in an effort to stabilize world prices, which slumped to near 1986 lows last year because of a massive oversupply of oil.

Separately, Oil Minister Issam Chahali of Iran criticized Norway for effectively reneging on its decision to reduce output by planning to start pumping from new oil fields in the first six months of 1989, the Kuwait daily Al-Sayassah said. Although Norway does not belong to the cartel, it has voiced support for efforts to firm up oil prices.

(AP, Reuters)

Herald Tribune

Published With The New York Times and The Washington Post

Now Printed in Tokyo
For Same-Day Delivery to Homes & Offices in Japan
To subscribe call our Tokyo office
(3) 201 02 05
Or write: TJM, 2F, Mainichi Newspaper, 1-1-1 Hitotsubashi, Chiyoda-ku, Tokyo 100
Or Telex: 33673. Or Fax: (3) 214

Feb. 2

Feb. 2

[illegible][illegible]

8.56	7.06
8.52	7.97
8.44	7.89
8.21	8.67
8.34	7.97
8.14	7.54
8.17	8.17

[illegible]

11
46
97

[illegible]

1

Shortages
Death Stalks
about Children

AFGHAN
out of Kabul

New International Bond Issues

Compiled by Bassam Aoun

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
FIXED-COUPON						
Abbey National Building Society	\$200	1994	9%	101%	99.50	Noncallable. Fees 1.5% (Nomura Int'l)
Austria	\$140	1993	9%	101%	99.75	Noncallable. Fees 1.5% (Nikko Securities Co. Europe)
BP America	\$250	1999	9%	101%	99.625	Noncallable. Fees 2% (Morgan Stanley Int'l)
Creditanstalt Bankverein	\$100	1999	10	102	—	Callable at par in 1994. Fees 2% (Morgan Stanley Int'l)
Crédit Foncier de France	\$300	1999	9%	101.70	99.20	Noncallable. Fees 2% (JTC)
Finnish Export Credit	\$125	1999	10	102	—	Callable at par in 1992. Fees 2% (Morgan Stanley Int'l)
Finnish Export Credit	\$150	1990	9%	100.85	99.95	Noncallable. Fees 2% (Yamaichi Int'l)
General Motors Acceptance	\$200	1992	9%	101%	—	Noncallable. Fees 1.5% (Union Bank of Switzerland Securit.)
Instituto Bancario San Paolo di Torino (Amsterdam)	\$ 50	1999	10%	102	—	Callable at par in 1992. Fees 2%. Denominations \$10,000. (Nippon Credit Int'l)
IMI Bank Int'l	\$100	1999	10%	101%	—	Callable at par in 1992. Fees 2%. Denominations \$10,000. (Solomon Brothers Int'l)
Japan Export Import Bank	\$250	1999	9.5%	101%	99.625	Noncallable. Fees 2% (Nomura Int'l)
Kellogg	\$200	1992	9%	101.40	99.50	Noncallable. Fees 1.5% (Goldman Sachs Int'l)
Nissan Motors Acceptance	\$120	1992	9%	101%	99.625	Noncallable. Fees 1.5% (Daiva Europe)
Postipankki	\$150	1995	10	101%	99.50	Callable at par in 1991. Fees 1.5% (Bankers Trust Int'l)
Shopbank	\$50	1995	10	101%	—	Callable at par in 1991. Fees 1.5% (Banque Indusnat.)
Sveabank	\$100	1999	10%	102	99.75	Callable at par in 1992. Fees 2%. Denominations \$10,000. (Daiva Europe)
Toronto Dominion Bank N.Y.	\$100	1999	10	101%	—	Callable at par in 1992. Fees 2% (Morgan Stanley Int'l)
John Lewis	\$100	2014	10%	100.20	—	Noncallable. Fees 2.5% (Worthing Securities)
Kingdom of Norway	\$200	1994	10%	101%	99.625	Noncallable. Fees 1.5% (Samuel Montagu & Co.)
Trusthouse Forte	\$100	1996	10%	100%	—	Noncallable. Fees 1.5% (Union Bank of Switzerland Securit.)
Eurofina	DM 150	1995	6%	100%	98.625	Noncallable. Fees 1.5% (Frankfurt and Bankhardt)
Republic of Ireland	DM 300	1999	6%	100	97.50	Noncallable. Fees 2.5% (Commerzbank)
USSR Bank for Foreign Economic Affairs	mt. 75,000	1994	12%	101%	99.725	Noncallable. Fees 1.5%. Denominations 5 million Lira. (Banco di Roma)
Belgium	ECU 150	1994	8%	101%	—	Noncallable. Fees 1.5% (Kreditbank Int'l)
European Investment Bank	ECU 50	1994	8	101	99.00	Noncallable. Fees 1.5% (Banque Int'l de Luxembourg)
General Electric Credit	ECU 125	1994	8%	101%	99.50	Noncallable. Fees 1.5% (Merrill Lynch Capital Markets)
Toyota Motor Credit	ECU 100	1994	8	101%	100.12	Noncallable. Fees 1.5% (Credit Suisse First Boston)
Bank of Montreal Singapore	C\$ 100	1991	11%	101.30	100.15	Noncallable. Fees 1.5% (Bank of Montreal Capital Markets)
Province of New Brunswick	C\$ 150	2001	10%	101%	99.50	Noncallable. Fees 2.5% (Wood Gundy)
State Bank of New South Wales	Aus\$ 60	1994	16%	101.40	100.62	Coupon is refundable annually, with put and call options at par. Fees 1.5% (Swiss Bank Investment)
State Bank of South Australia	Aus\$ 50	1991	16	101%	100.25	Noncallable. Fees 1.5% (Hambros Bank)
Bergan Bank Norway	NOK 10,000	1993	5	101%	—	Noncallable. Fees 1.5% (Nomura Int'l)
C. Itoh & Co. (America)	¥10,000	1993	7	108.81	—	Noncallable. Fees 1.5%. Denominations 10 million yen. (Nikko Securities Europe)
European Investment Bank	¥30,000	1993	4%	101%	99.65	Noncallable. Fees 1.5% (Nikko Securities Co. Europe)
Orient Leasing (Caribbean)	¥10,000	1996	7	114%	—	Noncallable. Fees 1.5%. Denominations 10 million yen. (Nomura Int'l)
Orient Leasing (Caribbean)	¥ 5,000	1994	5	101%	—	Noncallable. Fees 1.5%. Denominations 1 million yen. (Daiva Europe)
EQUITY-LINKED						
Canon (Europe)	\$600	1993	4%	100	106.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at \$32.50 per share and at \$30.55 per share. Fees 2.5% (Yamaichi Int'l Europe)
Canon (Asia)	\$400	1993	4%	100	106.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at \$32.50 per share and at \$30.55 per share. Fees 2.5% (Singapore Nomura Merchant Bankers)
Dai-ichi Kangi Denki	¥ 90	1993	5	100	—	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at \$32.50 per share and at \$30.55 per share. Fees 2.5% (Nomura Int'l)
Fujitsu	\$100	1993	open	100	105.00	Coupon indicated at 4.5%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at \$32.50 per share and at \$30.55 per share. Fees 2.5% (Nomura Int'l)
Keio Teito Electric Railway	\$200	1993	open	100	105.00	Coupon indicated at 4.5%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at \$32.50 per share and at \$30.55 per share. Fees 2.5% (Nomura Int'l)
Kobe Steel (Asia)	\$500	1993	4%	100	106.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at \$32.50 per share and at \$30.55 per share. Fees 2.5% (Yamaichi Int'l H.K.)
Kobe Steel (Europe)	\$500	1993	4%	100	106.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at \$32.50 per share and at \$30.55 per share. Fees 2.5% (Daiva Europe)
Kyocera	\$300	1993	4%	100	105.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at \$32.50 per share and at \$30.55 per share. Fees 2.5% (Daiva Europe)
Mitsubishi Gas Chemical Co.	\$100	1993	open	100	105.00	Coupon indicated at 4.5%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at \$32.50 per share and at \$30.55 per share. Fees 2.5% (Nomura Int'l)
NEC	\$700	1993	4%	100	105.50	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at \$32.50 per share and at \$30.55 per share. Fees 2.5% (Daiva Europe)
Nippon Mining Co.	\$500	1993	open	100	104.50	Coupon indicated at 4.5%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at \$32.50 per share and at \$30.55 per share. Fees 2.5% (Nikko Securities Europe)
Nippon Steel	\$1,200	1993	4%	100	104.75	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at \$32.50 per share and at \$30.55 per share. Fees 2.5% (Nikko Securities Europe)
Sanken Electric Co.	\$150	1993	4%	100	103.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at \$32.50 per share and at \$30.55 per share. Fees 2.5% (Daiva Europe)
Sumitomo Metal Industries	\$300	1993	4%	100	105.50	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at \$32.50 per share. Fees 2.5% (Nikko Securities)
Tokyo Store Chain	¥ 90	1993	4%	100	104.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at \$32.50 per share. Fees 2.5% (Nomura Int'l)
Topy Industries	\$150	1993	4%	100	104.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at \$32.50 per share and at \$30.55 per share. Fees 2.5% (Nikko Securities Co.)

G-7: Industrial Nations Turn Low-Key After Meetings

(Continued from Page 1)

insisted that the Washington meeting refrain from issuing a communiqué. Unlike Mr. Baker, Mr. Brady believes that communiqués are needed only to signal significant changes in policy, which was certainly not the group's intention on Friday.

The more relaxed approach, however, also reflects what the participating countries see as their considerable success in managing the international economy and exchange rates since they agreed to cooperate more closely at the Plaza H'tel in New York during September 1985.

Despite considerable fluctuations over the last 12 months, up then down then up, the dollar's rate against the Deutsche mark is still closer to the rate prevailing at the time of the February 1987 Louvre

Accord in Paris, when the group first decided to try to hold the U.S. currency steady.

After the last two seven-nation statements on exchange rates, at the Toronto summit last June and in Berlin in September, the dollar rose in the foreign exchange markets.

On both occasions, the markets interpreted the group's communiqué as suggesting that the seven would tolerate a further appreciation of the U.S. currency.

This time, with the dollar approaching 1.50 marks, which many in the markets believe to be the "ceiling" set in the Louvre accord, the seven are trying to offer even fewer clues.

Asked what the countries would do if the markets now try to test their determination to hold down the dollar, Mr. Bérégovoy replied,

"If the markets are trying to test us, secrecy is the best possible response."

Other officials said it should not be forgotten that one of the group's main aims is to keep exchange rates in line by coordinating economic policies rather than by intervention, which is unlikely anyway to be able to reverse a deep-seated underlying trend.

A sign of the policy's success, said one senior official, was that after reaching "staggering" levels in 1987, intervention was very limited in 1988 and was likely to be even less heavy this year.

Provided the United States takes steps to reduce its budget deficit, "we may be entering a period in which the dollar will cease to be a dramatic problem and will no longer be a key variable in the world economy," the official said.

American, Delta Link Computers

TULSA, Oklahoma — American Airlines said on Sunday it was merging its Sabre computer reservation system, the largest in the world, with the Delta Air Lines Datas II reservations system.

The new company, which will be jointly owned by the two airlines, will control about 43 percent of the U.S. computer reservations market, said Jim Lundy, a Delta spokesman.

Mr. Lundy said his airline would pay \$650 million to American. The two airlines are to hold equal shares in the system, which will be used by about 17,000 of the 30,000 U.S. travel agencies, he said.

The two airlines are to seek other partners in the venture, including airlines and travel-related companies.

Spain Carbs Domestic Borrowers

By Carl Gewirtz
International Herald Tribune

PARIS — Spanish borrowers were effectively frozen out of the international credit and capital markets last week when the central bank imposed onerous restrictions on offshore borrowing aimed at cooling the 5 percent rate of economic growth and the near-6 percent rate of inflation.

Under the new credit squeeze, 30 percent of corporate foreign borrowings will have to be deposited with the central bank and 20 percent of interbank loans will be frozen. Most of this will earn no interest, and the remainder will yield well below what the borrowers will be paying their foreign lenders.

On Friday, bankers were uncertain how the new rules would affect two loans, a \$200 million renegotiation for Fenosa, the electric utility, and another for the city of Madrid,

which have been mandated but not yet signed.

In other news, CIR SpA, the holding company of Carlo De Benedetti, the Italian financier, has appointed Credit Suisse First Boston to syndicate a \$200 million letter-of-credit facility. The line is aimed at backing the sale of commercial paper in the United States, which is supported by Credit Suisse, achieving the top credit rating of A-1 plus. The Swiss bank is now syndicating this guarantee among international banks.

The facility is an 18-month evergreen, which means every six months banks are asked to renew for a further 18 months. Banks will be paid a commitment fee of 10 basis points, or 0.10 percent, as long as no commercial paper is sold, and then 20 basis points on the

amount of paper actually outstanding.

The facility can be transformed into a loan, in which case interest will be set at 20 basis points over the London interbank offered rate. Front-end fees range up to five basis points.

CSFB is also arranging a \$150 million facility for Barnett Banks Inc., a bank holding company in the southeastern United States. Half the amount is in the form of an uncommitted facility. The committed \$75 million line will run for five years, on which interest will be 1/4 point over Libor, rising to 3/4 basis points if more than half is drawn. The commitment fee on unused amounts is 10 basis points and the front-end fee is 2 1/2 basis points.

Wilson Sporting Goods Co. has arranged a \$75 million collateralized by receivables at its subsidiaries in Britain, France and West Germany. The two-year loan carries interest of 1 1/4 points over Libor and a commitment fee of 1/2 percent.

Steel Boom In EC Lifts Output 8.9%

LUXEMBOURG — Crude steel output in the European Community rose by 8.9 percent last year, as the industry swung from crisis to boom, according to the EC's statistical office.

Production by the community's 12 member states totaled 137.2 million tons in 1988, compared with 126 million tons the previous year, Eurostat said.

Strong demand in the auto and construction industries was the main reason for the "spectacular development," a spokesman for the European Commission, the EC's executive body, said in Brussels on Friday.

Provisional data indicated that growth continued in the first weeks of 1989, he said.

Eurostat's seasonally adjusted figures for December showed EC crude steel output increased 2.5 percent from November and 10.7 percent from December 1987.

FIAT: Back on the High Road but Wary of Potholes

(Continued from first finance page)

orchestra. Fiat has a very good team.

That team also has a very impressive owner and chairman: Mr. Agnelli, who through family holdings control 40 percent of Fiat's voting stock. He said he plans to remain Fiat's chairman at least until 1994, and his 54-year-old brother, Umberto Agnelli, has been anointed to succeed him.

Italians call him "Avvocato," or "lawyer," because of his law degree.

They are so fascinated with the 67-year-old billionaire that it was front-page news around the nation two years ago when Mr. Agnelli, who is Italy's richest man, broke his thigh. Long before he was a star of the financial pages, he was a staple of the gossip pages.

He is the eldest son of the eldest son of the man who started the Agnelli dynasty. His grandfather, also named Giovanni Agnelli, in 1899 founded the company, which

was called Fabbrica Italiana Automobili Torino.

Not surprisingly, Italian politicians sometimes complain about the size and power of Fiat — its stock represents 13 percent of the capitalization of the Milan Bourse, and it directly or indirectly controls operations that represent about 5 percent of Italy's gross national product.

The Agnelli empire has interests not only in cars but also in trucks, tractors, jet engines, department stores, banking, bioengineering and publishing.

"He is the last example of a real baron of Italian business," said Ari Accornero, an Italian sociologist.

"He is a precious symbol of the old capitalist order, but he is not a man of the past. He is a modern entrepreneur, an international man. He should be preserved under glass."

While Mr. Agnelli and Mr. Romiti may dream of reducing Fiat's dependence on cars, its auto busi-

ness remains at the heart of the company.

Last year, the auto division accounted for 57 percent of Fiat's revenue and almost two-thirds of its operating profit.

Fiat's car sales soared to 2.2 million units last year, up a spectacular 60 percent from 1985. Record demand for cars in Europe contributed to much of this gain, but it was Fiat's revival strategy that enabled this one-time also-ran to tie for the top spot in European market share.

This turnaround — one of the most dramatic in the history of the auto industry — was the culmination of a 10-year plan. It called for improving shabby quality, reducing bloated costs, introducing a wider range of models, refocusing on the European market and taming once-militant labor unions.

Fiat has lowered its break-even point to 1.45 million cars a year, from 1.75 million in 1980, while the number of cars produced per assembly-line worker has jumped to 30, from 15.

BONDS: Japanese Firms Are Extending Their Reach

(Continued from first finance page)

a borrower or an underwriter who can resist it."

Japanese bankers shrug off this criticism. "The game stops the moment they control their greed," an executive said, speaking of non-Japanese underwriters.

No one disputes that point. A U.S. banker said that "everyone knows underwriters are for sale."

But what he finds "grating" is that the Japanese are also "buying" investors.

The biggest institutional investors are solid equity-linked bonds at around the offering price. In exchange for this favor, they agree to buy the unattractively priced straight bonds that are also arranged by the Japanese securities firms.

"The most experienced, shrewdest investors buy from us on a 'combined' basis," said an executive at one of the Japanese firms.

This rankles the competition. Those institutional investors "are going to want to trade that paper," said a U.S. banker. That means the non-Japanese firms must act as market makers in those issues or risk seeing big clients do even more business with the Japanese.

A U.S. banker dismissed the complaints, saying that "all this whining is undiluted, self-serving hypocrisy."

But syndicate managers at the major U.S. and European issuing houses are talking about a war of survival, even though Japanese securities houses so far this year have arranged only five straight Euro-dollar bonds for non-Japanese issuers.

Three of those bonds were launched last week. Nomura arranged a \$200-million, five-year issue for Abbey National Building Society priced to yield some 33 basis points over comparably dated U.S. government paper. Critics said the terms were too thin by about 10 basis points, which meant a savings for Abbey that one banker valued at about \$600,000.

Nikko Securities Co. arranged the \$140-million, four-year issue for Austria, priced to yield 34 basis

points over the benchmark level while Yamaichi International led a one-year issue of \$150-million for Finnish Export Credit.

Asked to comment about charges that Nomura was coercing underwriters to join in badly priced straight-bond issues in exchange for invitations to the profitable equity-linked business, Takumi Shibata, executive director and head of syndication in London, rejected the charges as laughable.

He said the terms on the Abbey National paper "were by no means generous. The terms were tight, but fair and we placed a large chunk with end-investors in Europe and Japan. The syndication process was easy and quick."

He said banks accepted to join underwriting syndicates on the straight bonds "because they like Nomura. It's an expression of their good will to our house because of

the profitable deals we bring to the market."

Mr. Shibata added that banks like to join Nomura-led syndicates because of the "high pay-off ratio of underwriting fees, which average close to 100 percent," and because "we support our deals and do not walk away from them."

Meanwhile, in the equity-linked sector, Nippon Steel increased the size of its offering to a record-large \$1.2 billion while NEC raised its issue to \$700 million, an increase of \$200 million for both.

These and the other major issues — Canon, Kobe Steel, Kyocera and Sumitomo Metal Industries — last week reduced their coupons to 4 1/4 percent, down 3/4-point from the level initially indicated. At that coupon level, the borrowers can swap the funds into fixed-rate yen on which they pay an annual interest rate of 4 percent.

Wall Street Review

NYSE Most Actives				
Vol.	High	Low	Last	Chng.
RJ.R.N.B.	229.41	98%	98%	+0.25
Teneco	185.64	31%	49%	+0.12
Amgen	179.93	27%	49%	+0.12
Amgen	179.93	31%	49%	+0.12
AT&T	179.93	27%	49%	+0.12
IBM	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12
Amgen	179.93	31%	127%	+0.12

OTC Consolidated trading for week ended Friday.

Feb. 3

[illegible]

(Continued on next page)

هكذا من الاصل

MONDAY SPORTS

SCOREBOARD

BASKETBALL

NBA Standings

EASTERN CONFERENCE

Atlantic Division

Team	W	L	Pct.	GB
New York	30	16	.652	0
Philadelphia	25	20	.558	4 1/2
Boston	22	23	.489	7 1/2
New Jersey	17	27	.386	12
Washington	16	27	.370	12 1/2
Charlotte	12	29	.293	17 1/2

Central Division

Team	W	L	Pct.	GB
Cleveland	33	10	.767	0
Detroit	29	14	.674	4
Milwaukee	29	14	.674	4
Atlanta	28	17	.619	5 1/2
Chicago	25	18	.581	8
Indiana	11	33	.250	22 1/2

WESTERN CONFERENCE

Midwest Division

Team	W	L	Pct.	GB
Houston	29	14	.674	0
Utah	27	16	.628	2 1/2
Dallas	24	21	.529	5 1/2
Denver	24	21	.529	5 1/2
San Antonio	19	26	.420	10 1/2
Memphis	14	31	.311	15 1/2

Pacific Division

Team	W	L	Pct.	GB
L.A. Lakers	31	14	.688	0
Seattle	27	16	.628	3 1/2
Phoenix	27	17	.614	4 1/2
Golden State	24	20	.545	7 1/2
Portland	24	20	.545	7 1/2
Sacramento	12	31	.278	18 1/2
L.A. Clippers	10	33	.233	21 1/2

FRIDAY'S RESULTS

Team	W	L	Pct.	GB
Washington	29	14	.674	0
Boston	27	16	.628	2 1/2
Atlanta	27	16	.628	2 1/2
Phoenix	27	16	.628	2 1/2
Portland	27	16	.628	2 1/2
San Antonio	27	16	.628	2 1/2
Charlotte	27	16	.628	2 1/2
Golden State	27	16	.628	2 1/2
Los Angeles	27	16	.628	2 1/2
San Diego	27	16	.628	2 1/2
San Jose	27	16	.628	2 1/2
Seattle	27	16	.628	2 1/2
Utah	27	16	.628	2 1/2
Washington	27	16	.628	2 1/2
Phoenix	27	16	.628	2 1/2
Portland	27	16	.628	2 1/2
San Antonio	27	16	.628	2 1/2
Charlotte	27	16	.628	2 1/2
Golden State	27	16	.628	2 1/2
Los Angeles	27	16	.628	2 1/2
San Diego	27	16	.628	2 1/2
San Jose	27	16	.628	2 1/2
Seattle	27	16	.628	2 1/2
Utah	27	16	.628	2 1/2
Washington	27	16	.628	2 1/2
Phoenix	27	16	.628	2 1/2
Portland	27	16	.628	2 1/2
San Antonio	27	16	.628	2 1/2
Charlotte	27	16	.628	2 1/2
Golden State	27	16	.628	2 1/2
Los Angeles	27	16	.628	2 1/2
San Diego	27	16	.628	2 1/2
San Jose	27	16	.628	2 1/2
Seattle	27	16	.628	2 1/2
Utah	27	16	.628	2 1/2
Washington	27	16	.628	2 1/2
Phoenix	27	16	.628	2 1/2
Portland	27	16	.628	2 1/2
San Antonio	27	16	.628	2 1/2
Charlotte	27	16	.628	2 1/2
Golden State	27	16	.628	2 1/2
Los Angeles	27	16	.628	2 1/2
San Diego	27	16	.628	2 1/2
San Jose	27	16	.628	2 1/2
Seattle	27	16	.628	2 1/2
Utah	27	16	.628	2 1/2
Washington	27	16	.628	2 1/2
Phoenix	27	16	.628	2 1/2
Portland	27	16	.628	2 1/2
San Antonio	27	16	.628	2 1/2
Charlotte	27	16	.628	2 1/2
Golden State	27	16	.628	2 1/2
Los Angeles	27	16	.628	2 1/2
San Diego	27	16	.628	2 1/2
San Jose	27	16	.628	2 1/2
Seattle	27	16	.628	2 1/2
Utah	27	16	.628	2 1/2
Washington	27	16	.628	2 1/2
Phoenix	27	16	.628	2 1/2
Portland	27	16	.628	2 1/2
San Antonio	27	16	.628	2 1/2
Charlotte	27	16	.628	2 1/2
Golden State	27	16	.628	2 1/2
Los Angeles	27	16	.628	2 1/2
San Diego	27	16	.628	2 1/2
San Jose	27	16	.628	2 1/2
Seattle	27	16	.628	2 1/2
Utah	27	16	.628	2 1/2
Washington	27	16	.628	2 1/2
Phoenix	27	16	.628	2 1/2
Portland	27	16	.628	2 1/2
San Antonio	27	16	.628	2 1/2
Charlotte	27	16	.628	2 1/2
Golden State	27	16	.628	2 1/2
Los Angeles	27	16	.628	2 1/2
San Diego	27	16	.628	2 1/2
San Jose	27	16	.628	2 1/2
Seattle	27	16	.628	2 1/2
Utah	27	16	.628	2 1/2
Washington	27	16	.628	2 1/2
Phoenix	27	16	.628	2 1/2
Portland	27	16	.628	2 1/2
San Antonio	27	16	.628	2 1/2
Charlotte	27	16	.628	2 1/2
Golden State	27	16	.628	2 1/2
Los Angeles	27	16	.628	2 1/2
San Diego	27	16	.628	2 1/2
San Jose	27	16	.628	2 1/2
Seattle	27	16	.628	2 1/2
Utah	27	16	.628	2 1/2
Washington	27	16	.628	2 1/2
Phoenix	27	16	.628	2 1/2
Portland	27	16	.628	2 1/2
San Antonio	27	16	.628	2 1/2
Charlotte	27	16	.628	2 1/2
Golden State	27	16	.628	2 1/2
Los Angeles	27	16	.628	2 1/2
San Diego	27	16	.628	2 1/2
San Jose	27	16	.628	2 1/2
Seattle	27	16	.628	2 1/2
Utah	27	16	.628	2 1/2
Washington	27	16	.628	2 1/2
Phoenix	27	16	.628	2 1/2
Portland	27	16	.628	2 1/2
San Antonio	27	16	.628	2 1/2
Charlotte	27	16	.628	2 1/2
Golden State	27	16	.628	2 1/2
Los Angeles	27	16	.628	2 1/2
San Diego	27	16	.628	2 1/2
San Jose	27	16	.628	2 1/2
Seattle	27	16	.628	2 1/2
Utah	27	16	.628	2 1/2
Washington	27	16	.628	2 1/2
Phoenix	27	16	.628	2 1/2
Portland	27	16	.628	2 1/2
San Antonio	27	16	.628	2 1/2
Charlotte	27	16	.628	2 1/2
Golden State	27	16	.628	2 1/2
Los Angeles	27	16	.628	2 1/2
San Diego	27	16	.628	2 1/2
San Jose	27	16	.628	2 1/2
Seattle	27	16	.628	2 1/2
Utah	27	16	.628	2 1/2
Washington	27	16	.628	2 1/2
Phoenix	27	16	.628	2 1/2
Portland	27	16	.628	2 1/2
San Antonio	27	16	.628	2 1/2
Charlotte	27	16	.628	2 1/2
Golden State	27	16	.628	2 1/2
Los Angeles	27	16	.628	2 1/2
San Diego	27	16	.628	2 1/2
San Jose	27	16	.628	2 1/2
Seattle	27	16	.628	2 1/2
Utah	27	16	.628	2 1/2
Washington	27	16	.628	2 1/2
Phoenix	27	16	.628	2 1/2
Portland	27	16	.628	2 1/2
San Antonio	27	16	.628	2 1/2
Charlotte	27	16	.628	2 1/2
Golden State	27	16	.628	2 1/2
Los Angeles	27	16	.628	2 1/2
San Diego	27	16	.628	2 1/2
San Jose	27	16	.628	2 1/2
Seattle	27	16	.628	2 1/2
Utah	27	16	.628	2 1/2
Washington	27	16	.628	2 1/2
Phoenix	27	16	.628	2 1/2
Portland	27	16	.628	2 1/2
San Antonio	27	16	.628	2 1/2
Charlotte	27	16	.628	2 1/2
Golden State	27	16	.628	2 1/2
Los Angeles	27	16	.628	2 1/2
San Diego	27	16	.628	2 1/2
San Jose	27	16	.628	2 1/2
Seattle	27	16	.628	2 1/2
Utah	27	16	.628	2 1/2
Washington	27	16	.628	2 1/2
Phoenix	27	16	.628	2 1/2
Portland	27	16	.628	2 1/2
San Antonio	27	16	.628	2 1/2
Charlotte	27	16	.628	2 1/2
Golden State	27	16	.628	2 1/2
Los Angeles	27	16	.628	2 1/2
San Diego	27	16	.628	2 1/2
San Jose	27	16	.628	2 1/2
Seattle	27	16	.628	2 1/2
Utah	27	16	.628	2 1/2
Washington	27	16	.628	2 1/2
Phoenix	27	16	.628	2 1/2
Portland	27	16	.628	2 1/2
San Antonio	27	16	.628	2 1/2
Charlotte	27	16	.628	2 1/2
Golden State	27	16	.628	2 1/2
Los Angeles	27	16	.628	2 1/2
San Diego	27	16	.628	2 1/2
San Jose	27	16	.628	2 1/2
Seattle	27	16	.628	2 1/2
Utah	27	16	.628	2 1/2
Washington	27	16	.628	2 1/2
Phoenix	27	16	.628	2 1/2
Portland	27	16	.628	2 1/2
San Antonio	27	16	.628	2 1/2
Charlotte	27	16	.628	2 1/2
Golden State	27	16	.628	2 1/2
Los Angeles	27	16	.628	2 1/2
San Diego	27	16	.628	2 1/2
San Jose	27	16	.628	2 1/2
Seattle	27	16	.628	2 1/2
Utah	27	16	.628	2 1/2
Washington	27	16	.628	2 1/2
Phoenix	27	16	.628	2 1/2
Portland	27	16	.628	2 1/2
San Antonio	27	16	.628	2 1/2
Charlotte	27	16	.628	2 1/2
Golden State	27	16	.628	2 1/2
Los Angeles	27	16	.628	2 1/2
San Diego	27	16	.628	2 1/2
San Jose	27	16	.628	2 1/2
Seattle	27	16	.628	2 1/2
Utah	27	16	.628	2 1/2
Washington	27	16	.628	2 1/2
Phoenix	27	16	.628	2 1/2
Portland	27	16	.628	2 1/2
San Antonio	27	16	.628	2 1/2

'Palimony': Love and the Law Courts

By Cynthia Gorney

Washington Post Service

PHOENIX, Arizona — On Nov. 3, 1988, a 23-year-old photographic model named Jodee Dominici sued the football player Mark Gastineau, who was most recently employed by the New York Jets.

She sued him 10 months after Gastineau, by Dominici's account, called to tell her that he was spending his nights with the actress Brigitte Nielsen and that, in fact, a photograph of Gastineau and Nielsen was about to appear in Star Magazine, which might embarrass Dominici, since she and Gastineau had been romantically involved for the past three years.

"Just a total shock," Dominici said. Seated in a chair in her attorney's office, she has large brown eyes, flawless skin, excellent cheekbones and thick dark hair. When a photographer takes her picture she is instantly radiant, but when she speaks she is disarming and straight and seems embarrassed to report that Gastineau first approached her four years ago in a Phoenix bar by telling her that she was a beautiful woman and ought to go out with him.

Since she would not, at least not that night, he telephoned her Phoenix agency and said he was from the Ford modeling agency and must have Dominici's home telephone number; she mentions this, too, because it will matter in the way she wishes Gastineau and what happened between them to be perceived.

In the 12-page complaint that Dominici filed this winter in the Maricopa County Superior Court, the principal allegations (all denied by Gastineau) are:

• That the relationship between Dominici and Gastineau forced Dominici to abandon both her modeling career and her college education, which cost her immediate and future income.

• That Dominici and Gastineau promised each other they would pool and share equally in their earnings.

• That Dominici worked without pay as homemaker and chauffeur to Gastineau's daughter, companion to Gastineau's ailing sister, and business and public relations manager; that Gastineau benefited financially from these services; and that Gastineau has committed breach of contract and been unjustly enriched and ought to pay Dominici \$680,000, plus attorneys' fees.

There is a label for this kind of lawsuit: "palimony," and while it first appeared in print Dominici was 13 years old. Her lawyer, Shari Horowitz, has never taken a palimony case before, she said that until Dominici came to her, no prospective palimony case had appeared strong enough.

Horowitz listened without saying anything as Dominici tells her story, the early months with Gastineau, the charm with which he entered her life, and then Dominici



Jodee Dominici with Mark Gastineau before he took up with Brigitte Nielsen.

comes to the point at which Gastineau, who had grown up in Arizona and was building a house outside Phoenix, asked her to move with him to New York for the purpose, as Dominici puts it, of "living together and helping him do his stuff."

Helping him do his stuff? The reporter asked, examining the previous pages of notes; we are speaking here of a rising young model, enrolled in college and surely at no loss for companionship. Why not tell him she would see him when he came to Arizona, but that her life required attending to "stuff" of her own?

Domici blinks. She seems taken aback. "You just get your feelings," she said after a moment. "You get told that you are the most important thing, that we're going to do it together, that I'm going to be with you, and you're going to be there for me. I mean, every girl wants love."

She goes on, "Because everything you're told, you're led to believe will be true. I didn't think I was making a dumb deal at all."

Eighteen years ago, when Michelle Triole Marvin filed suit against Lee Marvin, the actor whose last name she had adopted during the seven years they lived together, neither the suit nor the celebrated 1976 California Supreme Court decision that generated was in itself revolutionary. The claims caused enormous controversy, but other women had made them before and in a few cases had won sympathetic reactions from judges. Certainly if the Marvins had married, Michelle Marvin would have sounded like any number of American women seeking financial compensation in

the divorce courts. She had given up her career, she said, to help in his career a man who made a substantial amount of money during the years of their relationship.

What Michelle Marvin argued, and what provoked the California Supreme Court into the strong and much-quoted language that helped inspire the word "palimony," was that courts ought also to recognize this trade-off when it is made outside of marriage.

Nobody ever suggested that Michelle and Lee Marvin had signed documents specifying the money they were to share or the compensation she was to receive; the contract, she argued, was forged in words and the fact of her domestic services and something the court was to refer to in its ruling, as a "tacit understanding."

And because she slept with him, matters that might have been simpler were now far more complicated. American law will not permit a contract for sex and if Michelle Marvin could be seen as having signed on for a job that was supposed to pay off in the end, then sex appeared to be part of the job description.

Other courts, in cases like these, had said this must clearly be an inextricable part of the understanding — that a contract emerging from an "illicit" relationship was manifestly a contract for sex, and had no place in a court of law. But the California court disagreed, and did it so eloquently that its ruling became a standard.

As it happens, Michelle Marvin never got a dime out of Lee Marvin; when she went back to court and presented her evidence, the judges were unconvinced. Dominici explained why her profession-

al work suffered when she left Arizona to join Gastineau in New York.

"Mark would say, 'This is the land of opportunity for models,'" she said. "And then I tried. And twice, he called the agency and made excuses for me, that I couldn't come because I had something to do for him. I was going to get a job there with one of the health clubs, and Mark said, 'No, because you're doing such a great job for me that I'd have to hire a couple of people.'"

Gastineau, who divorced his wife during the relationship with Dominici and is currently reported to be living with Nielsen in Scottsdale, Arizona, has declined to speak about the suit. His lawyer said that Gastineau "denies the allegations, period."

"We are not dealing with idiots here," he said. "If two people are going to be making a commitment to each other outside marriage, then put it on paper so you know what you're doing."

Such documents exist. They are referred to as "cohabitation agreements," and in the years since the Marvin ruling, domestic-relations lawyers have learned how to draw them up.

And thus for some the passage into marriage now is by definition made different from what it was. No one has seriously argued that palimony suits are doing real violence to the institution of marriage; there are not enough of them, and they are exceedingly hard to win.

Gastineau's lawyer said that he thinks that "this country is experiencing a breakdown of what mental health professionals and lawyers and religious people have been calling the family unit. I think that's been the cornerstone of continuity and consistency in this country for many, many years, and that's breaking down."

"Little piece of paper" is the phrase Dominici's lawyer uses at one point, suggesting that a woman's right to recover should not depend on the marriage license itself. "If homemaking services had value if it were married, then they had to have value if they were unmarried," Howard said.

Domici has moved back to Phoenix, where she lives with her sister, is modeling again and works in a health club.

Suppose she were approached today, Dominici is asked, by an earnest young woman about to follow her heart — about to drop her job and college education for a man who had promised to take care of her?

"I'd probably say, 'Sit down, let's talk,'" Dominici said. She smiles, she's not sure how she is supposed to sound now, but will not place it in a court of law. But the California court disagreed, and did it so eloquently that its ruling became a standard.

As it happens, Michelle Marvin never got a dime out of Lee Marvin; when she went back to court and presented her evidence, the judges were unconvinced. Dominici explained why her profession-

Bush: 4 'News' but Too Many 'Ands'

By William Safire

WASHINGTON — And now the big news, strictly from the point of view of grammarians, about the inaugural Address of President George Bush: He has legitimized and popularized the use of the conjunction and to start a sentence.

He used this dubious construction 16 times, 10 planned and six ad-libbed. Think of it — 11.1 percent of a speech's sentences (mostly short) beginning with and. Unheard-of. Eisenhower used four in his first Inaugural; Kennedy, two — but 16 times? Bush suggested that "this is the age of the offered hand," which may come to pass, but it is already the age of the offered and.

And that's not all. The new president made clear he was unafraid of conjunctions only weeks after he was elected; in an opening statement announcing his choice for the new defense secretary, four out of the first six sentences began with the little word that originally meant "thereupon" and now means "also."

This was followed by another quick burst about John Tower: "And he's a true expert on defense policy. And he understands the challenges ahead. And he's established great credibility."

And thus for some the passage into marriage now is by definition made different from what it was. No one has seriously argued that palimony suits are doing real violence to the institution of marriage; there are not enough of them, and they are exceedingly hard to win.

Gastineau's lawyer said that he thinks that "this country is experiencing a breakdown of what mental health professionals and lawyers and religious people have been calling the family unit. I think that's been the cornerstone of continuity and consistency in this country for many, many years, and that's breaking down."

"Little piece of paper" is the phrase Dominici's lawyer uses at one point, suggesting that a woman's right to recover should not depend on the marriage license itself. "If homemaking services had value if it were married, then they had to have value if they were unmarried," Howard said.

Domici has moved back to Phoenix, where she lives with her sister, is modeling again and works in a health club.

Suppose she were approached today, Dominici is asked, by an earnest young woman about to follow her heart — about to drop her job and college education for a man who had promised to take care of her?

As it happens, Michelle Marvin never got a dime out of Lee Marvin; when she went back to court and presented her evidence, the judges were unconvinced. Dominici explained why her profession-

gists may even stretch it into a denunciation of dirty dancing.

Although the "through the door" sequence was labored, the Bush speech of "the offered hand" shows careful selection of verb: Note that he chose not to use the more familiar "helping hand" or even to "extend a hand," which calls to mind handouts. A "helping hand" on the other hand, is one extended to help. He closed out the thought and the image by "offered."

A single dependent clause — "though we bless them for choosing life" — lightly touched an anti-abortion base.

Another line that was obviously worked over carefully, but not carefully enough, was "America is never fully, but not carefully enough, was 'America is never wholly herself unless she is engaged in high moral purpose.' That was in the distributed text, but in purpose Bush changed the last word to "principle." The thought was taken from Charles de Gaulle's "France is not France without greatness," a phrase frequently quoted by Richard Nixon. In Bush's line, something is missing: You do not "engage" in a principle or a purpose; you engage in action that adheres to a principle or advances purpose. Leaving out words for the listener to supply can be poetic, but in this case, the jump was awkward and showed a need for more work; perhaps he will take another crack at this line in his second Inaugural.

ALLITERATION? Here's a memorable sentence: "We have more will than wallet; but will is what we need." That's six w sounds in 12 words, nearly matching Warren G. Harding's oratorical record. (Bush used the word *normalcy*, too, an archaism until popularized by President Harding in the alternative "not normal but normalcy.") He likes the technique: "A president is neither prince nor pope" suggests we will be hearing more in the coming years.

In translation of quotation, we have a daring president. He quoted an unnamed saint as saying: "In crucial times, unity — in important times, diversity — in all things, generosity." This was a creative translation of St. Augustine's *In necessariis unitas, in dubiis libertas, in omnibus caritas*, rendered into English by a good confessional clergyman in the 1600s as "in all things, unity; in doubtful things, liberty; in all things, charity." (Doubt is more faithfully translated in terms of "doubtful" than "important," but the old "charity" — which is now often burdened with a demeaning connotation — is better translated by Bush's "generosity.")

In its totality, how did this well-delivered, deliberately low-key speech rate in the fringes of Inaugural Addresses?

Not in the inspiring class of Lincoln, FDR and Woodrow Wilson, but better suited to the occasion than the offerings of George Washington and Andrew Jackson. Turning to recent times, I believe George Bush was not as eloquent as John Kennedy ("Let us continue...") or as firm as Lyndon Johnson ("Let us not...") or as surprising as Richard Nixon ("The gift of a driving dream") or as wise, or more authentic Jimmy Carter and, on a par with, or more authentic and quietly moving than, Dwight Eisenhower or Ronald Reagan.

New York Times Service

INTERNATIONAL CLASSIFIED

PERSONAL MESSAGES

SACRED HEART OF JESUS and Saint John, can again grant thanks for continuing to answer our prayers, CA.

VALENTINE'S MESSAGES

BE MY VALENTINE

On February 14th, people in love in almost every country on this planet will be looking for a message in the Tribune's Capital Column. Make sure yours is there! Contact: Paris Tel 01 42 47 427 or your IHT representative.

LEGAL NOTICES

Aviz de divórcio de casamento. Maria e M. Ronald Lee Yule de se divorciar em tribunal de Warner T. Young, Juiz de Direito do Estado. O divórcio foi concedido em 14 de fevereiro de 1989.

ANNOUNCEMENTS

LISTENING VOLUNTEERS NEEDED FOR SOS HELP, English-language Paris based phone crisis line. Come to one of three weekly recruitment sessions of 6:30 sharp on Tues. Jan. 31, Wed. Feb. 8, Mon. Feb. 14, at American Church, 65 West 12th Street, Paris. Tel. 01 42 72 80 80 for appointment.

ALL SELL OUT SHOWS

of the Chopard, Le Joly, G&P, F&P, Chopard available now. Tel. London 079 4636 or 240 0818. All credit cards.

ANNOUNCEMENTS

TO OUR READERS VISITING FROM THE U.S.A.

THE IHT IS NOW AVAILABLE IN MANY U.S. CITIES ON DATE OF ISSUE

Now printed by satellite transmission in New York the International Herald Tribune offers emergency home or office delivery in Washington, most areas of Washington D.C., Boston, Los Angeles, San Francisco and Miami.

Subscription rates are also lower directly to Atlanta, Chicago and Houston for speedy delivery.

in the U.S.A., call

TOLL FREE 1-800-882-2884

In New York, call (212) 752-3890

or write International Herald Tribune 650 Third Avenue New York, N.Y. 10022

Tel. (212) 752-3890

or write International Herald Tribune 650 Third Avenue New York, N.Y. 10022

Tel. (212) 752-3890

or write International Herald Tribune 650 Third Avenue New York, N.Y. 10022

Tel. (212) 752-3890

or write International Herald Tribune 650 Third Avenue New York, N.Y. 10022

Tel. (212) 752-3890

or write International Herald Tribune 650 Third Avenue New York, N.Y. 10022

Tel. (212) 752-3890

or write International Herald Tribune 650 Third Avenue New York, N.Y. 10022

Tel. (212) 752-3890

or write International Herald Tribune 650 Third Avenue New York, N.Y. 10022

Tel. (212) 752-3890

or write International Herald Tribune 650 Third Avenue New York, N.Y. 10022

Tel. (212) 752-3890

or write International Herald Tribune 650 Third Avenue New York, N.Y. 10022

Tel. (212) 752-3890

or write International Herald Tribune 650 Third Avenue New York, N.Y. 10022

Tel. (212) 752-3890

or write International Herald Tribune 650 Third Avenue New York, N.Y. 10022

Tel. (212) 752-3890

or write International Herald Tribune 650 Third Avenue New York, N.Y. 10022

Tel. (212) 752-3890

or write International Herald Tribune 650 Third Avenue New York, N.Y. 10022

Tel. (212) 752-3890

or write International Herald Tribune 650 Third Avenue New York, N.Y. 10022

Tel. (212) 752-3890

or write International Herald Tribune 650 Third Avenue New York, N.Y. 10022

Tel. (212) 752-3890

or write International Herald Tribune 650 Third Avenue New York, N.Y. 10022

Tel. (212) 752-3890

or write International Herald Tribune 650 Third Avenue New York, N.Y. 10022

Tel. (212) 752-3890

or write International Herald Tribune 650 Third Avenue New York, N.Y. 10022

Tel. (212) 752-3890

or write International Herald Tribune 650 Third Avenue New York, N.Y. 10022

Tel. (212) 752-3890

or write International Herald Tribune 650 Third Avenue New York, N.Y. 10022

Tel. (212) 752-3890

or write International Herald Tribune 650 Third Avenue New York, N.Y. 10022

Tel. (212) 752-3890

or write International Herald Tribune 650 Third Avenue New York, N.Y. 10022

MOVING

1992 - NOW!

interdean

INTERNATIONAL MOVES FOR A FREE ESTIMATE CALL

PARIS (1) 39569000

ALLIED VAN LINES

NICE CANNES MONACO

COMPAGNIE GENERALE

I.P. 40, 06021 Nice Cedex.

Tel: 01 42 36 36 72

MARTIN TECHNOTRANS - NICE

CANNES. Tel: 01 42 36 36 72

CHARGES: Moving, Storage, Packing, Air/Freight

Shipping, Car/Vanage, Clearance.

Tel: 01 42 36 36 72

REAL ESTATE FOR SALE

PARIS & SUBURBS

PARIS 14th

Near Montparnasse, 400 sqm.

ground floor plus six floors. Completely

renovated. 8 apartments all occupied.

Studs up to 5 rooms.

Owner: Paris (1) 45 88 92 63.

MOULIN DE LA GALETTE. High class

residential building, 2 main rooms,

40 sqm. Decoration superb. M.G.N.

43 67 71 55.

ON THE PAVILLON. Beautiful

apartment of various sizes to be sold

on Tel. 43 36 36 72.

RENOVATED 115 ST LOUIS. Two 300

sqm. apartments, superb. See view

on Tel. 43 36 36 72.

4TH ILE ST. LOUIS. 50 sqm. fully

equipped. Call Paris (1) 45 88 92 63.

ST. SUZANNE (Auge Tourne) Living +

bedrooms, of course, beautiful. Tel. 43 36 36 72.

USA RESIDENTIAL

NEW YORK CITY

Field-term. East 57th Street, 1 bed-

room, 24 hr. doorman, 17th floor,

views, furnished, \$195,000 negotiable,

maintenance \$613. Call Robert Brevin,

930am-530pm, 5 days a week, 212-500-0800.

Call 212-662-2884 USA

4th, MARAIS. Large 2 rooms, 68 sqm,

music, charm, fully equipped, bath,

color, view. Excellent condition. Tel. 43 36 36 72.

REAL ESTATE FOR SALE

PARIS & SUBURBS

PARIS 14th

REAL ESTATE TO RENT/SHARE

GREAT BRITAIN

LONDON LUXURY apartments in

central area, including Mayfair +

Knightsbridge. Minimum stay 3 nights,

cheaper than luxury hotels. Discount

for longer stays. Tel. 01 42 36 36 72.

or Tel. 01 42 36 36 72.

HUNTINGDON HOUSE. Luxurious

apartment in central London. Tel. 01 42 36 36 72.

4255. Tel. 01 42 36 36 72.

MONACO

PRINCIPALITY OF MONACO

SUPERB 6-ROOM APARTMENT

230 sqm. composed of

2 living rooms, dining room,

2 fully equipped kitchens,

4 bedrooms, 2 bathrooms, 2

showers, room, laundry,

3 parking spaces,